THE CHINA WEEKLY

REVIEW

Devoted to the Economic, Political and Social Development of China and its Intercourse with Other Nations

Shanghai's Big Gambling Days

By C. Y. W. Meng

Further Moves in the Sino-Japanese Diplomatic "Game"

Chiang Kai-shek Discusses Current Problems

By Henry F. Misselwitz

The Nationalist Movement for Tariff Autonomy

By Chen Ping-tsang

Nationalist Opium Policy

By J. Wesley Shen

American Policy and Commercial Relations with Soviet Russia

評論報 密勒氏

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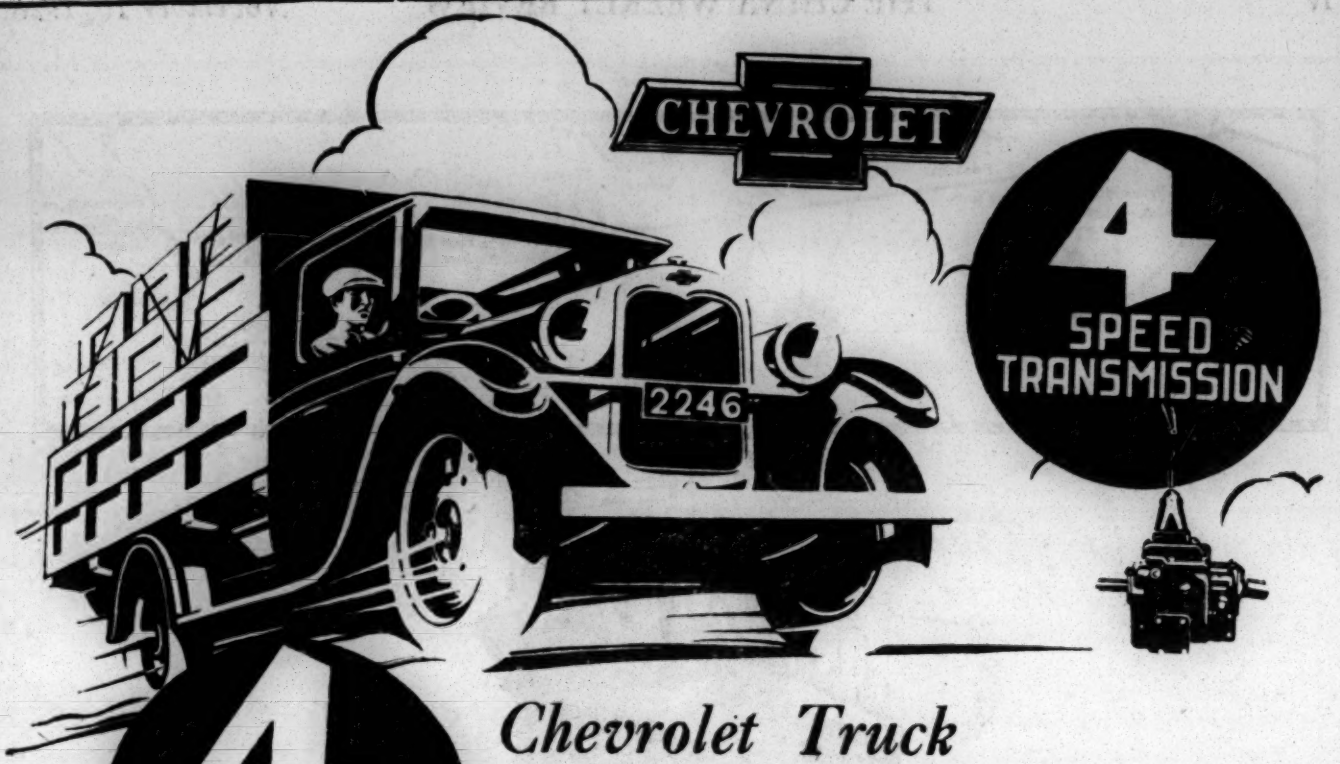

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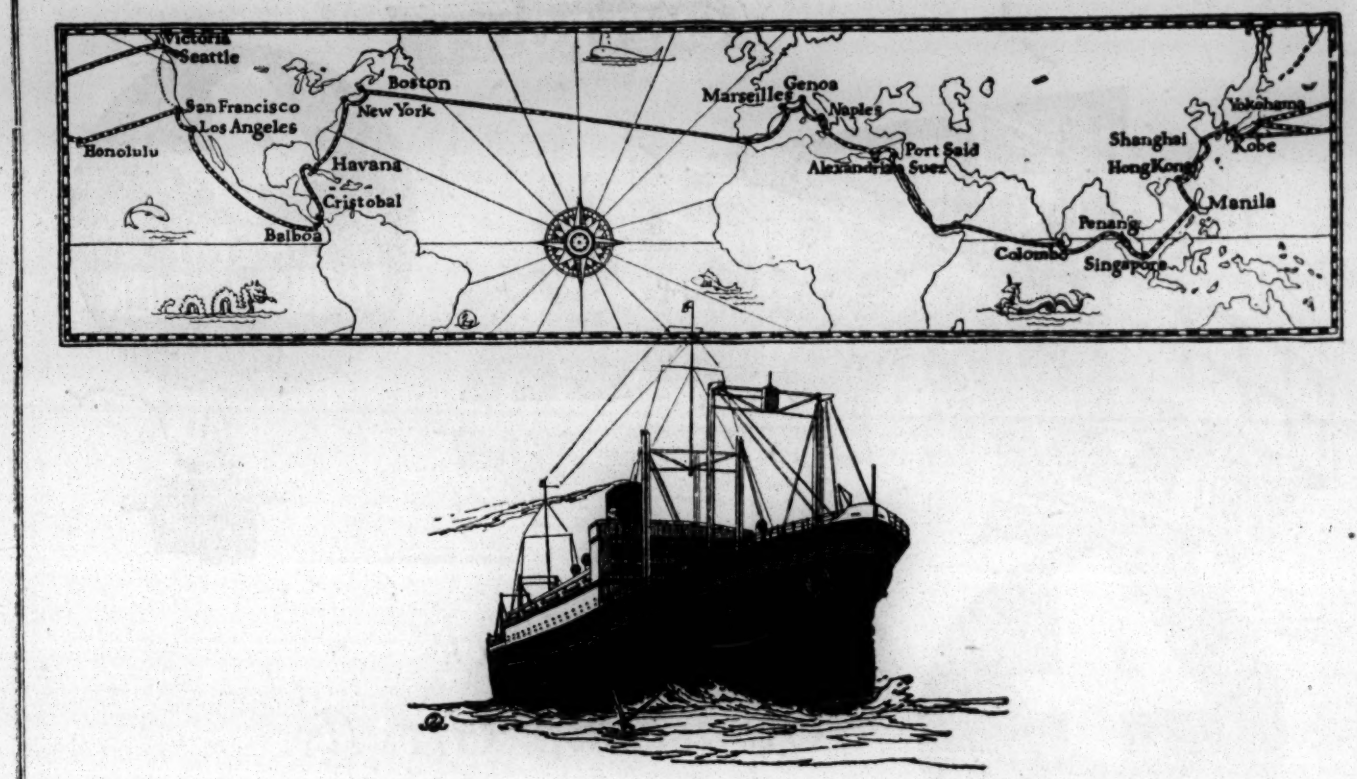

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THE CHINA WEEKLY REVIEW

Formerly Millard's Review

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THE BOYCOTT AND JAPAN'S FINANCIAL STATUS

THE *Hongkong Daily Press*, British newspaper, published an editorial in its issue of October 30 which contained further evidence of the effectiveness of the Chinese boycott in the matter of the cotton piece goods business in South China. The editorial was based upon data compiled by Japanese consular officials in China and stated that since last May Japanese piece goods had lost their leading position in the China trade and that Manchester goods *had assumed the leading position.* In July and August the Chinese *bought practically nothing else but British goods,* stated the report, which concluded with the following significant paragraph,

> The Japanese consular Reports point out that not only have British merchants done their utmost to regain their old position in the China piece-goods market, but the Chinese—in their boycott of Japanese goods—have turned to British goods of their own free will. Japanese exporters are alleged to have taken the situation too lightly, and completely failed to observe the measures taken by the British hongs, or to engage in effective counter-measures. Not only in piece-goods but in the sugar trade, the Japanese have lost to the British. Japanese merchants have purchased 50,000 tons of Cuban sugar for re-export to China, but the British have purchased 200,000 tons of the commodity in Java. According to information gleaned in Hong Kong business circles, it is feared by the Japanese that it will be extremely difficult to regain their position in the China piece-goods market, for once Manchester has again secured a strong footing in China, British merchants will not surrender that position without a strenuous fight. *Japanese officials in China* are of opinion that piece-goods manufacturers in Japan should get together and devise effective ways and means to cope with the situation.

THIS report, which is based upon the opinions of *Japanese consular officials* in China is of special interest in view of the propaganda which has been spread in China recently to the effect that the Chinese boycott was not seriously effecting Japanese trade with China. Then in addition to the foregoing the Chinese newspapers in Shanghai on October 31 printed reports from Nanking stating that during the past two months some 18 important Japanese trading firms and 75 Japanese retail establishments in China had gone bankrupt and that these concerns constituted approximately 28 percent of Japanese commercial interests in China proper. This report may have been exaggerated but the very fact that Japan should start a propaganda in China at this time trying to prove the ineffectiveness of the boycott constitutes definite evidence that the boycott is becoming effective, otherwise the Japanese would not be talking about it. A semi-official *Toho* news agency report from Tokyo on Nov. 3 stated that Japan's exports to China for the first ten months of this year "showed a slight increase as compared with the corresponding period of last year *in spite of the anti-Japanese*

boycott," but this report is no criterion of the actual situation because figures showing imports into China do not indicate that the goods are being sold. According to Mr. S. Yada, the Japanese Consul-General at Shanghai, the Japanese warehouses in Shanghai are filled with unsold Japanese goods and it has been necessary for Japanese merchants here to construct new warehouses to hold their unsold merchandise. Another element which might help to explain the Japanese claim of a *slight increase* in their exports to China during the past ten months is the fact that Japanese manufacturers are known to be "dumping" large quantities of goods into the Chinese market at this time in order to take advantage of the scheduled increase in the Chinese tariff rates before the end of the current year. This action on the part of the Japanese however, also extends to manufacturers of other nationalities who are just as anxious to get in ahead of the Chinese tariff increase as are the Japanese. The only difference is that the Japanese goods are being stored and not sold, which situation does not apply in the cases of British, American and German merchandise. It is of course the height of foolishness to allege that Japan is not being adversely affected by the Chinese boycott. Two weeks ago when the Japanese news agencies incorrectly reported the break-down of the Sino-Japanese negotiations at Nanking, the report caused a slump in Japanese stock issues on the Tokyo and Osaka exchanges, which should constitute ample proof of the fact that Japanese industries are sensitive to the delicate diplomatic relations of the two countries. Then if still further proof is needed we have it in the fact that General-Baron Tanaka's Government is being gradually forced against its will to enter into negotiations with the Chinese for the settlement of outstanding problems adversely affecting the relations of the two countries.

THAT the unsettled relations with China are also having an adverse effect upon Japanese domestic finance was likewise indicated in a *Reuter* report from Tokyo last week pertaining to the question of "frozen" loans, the *Reuter* message, which was dated, Nov. 2 being as follows:

> The exact position and extent of Japan's unsecured loans in China are far from clear, as opinions differ as to the interpretation of the word "unsecured," and calculations vary accordingly.
>
> At the time of the Tariff Conference the Chinese official calculation was, in round figures, Y. 255,000,000, while the Japanese delegates estimated it at Y. 300,000,000. To these figures must be added the interest that has accrued since. Inquiries made at different authoritative sources show that, even amongst those most closely concerned, there is a wide divergence in their calculations. Thus the Deposit Bureau of the Finance Department puts the total amount of "frozen" loans at only Y. 200,000,000, a figure obviously too small. According to figures supplied by the Mitsui Trading Company they aggregate Y. 428,-708,000, while those calculated by the Industrial Bank total up to approximately Y. 500,000,000.
>
> Be the total what it may, all are agreed that the likelihood of recovering even a part of the principal and interest is far from reassuring. The general belief seems to be that, sooner or later, the bulk of these unsecured loans will have to be written off, though it may be possible to effect some sort of compromise by which partial payment will be obtained from China.
>
> In so far as the Deposit Bureau is concerned, the larger unsecured loans made to China, for which it is now responsible, include the following:

	Yen
Nishihara	140,000,000
Hanyehping Mines	36,204,000
Nanchang-Kiukiang Rly.	10,000,000
Tienpaoshan-Tumen Rly.	4,000,000

> In addition, the following domestic loans for which the Deposit Bureau is also responsible are regarded as "Frozen."

	Yen
Kokusai Kisen Kaisha	29,200,000
Nihon Shigyo Kaisha	4,000,000
Godo Yushi Kaisha	1,500,000
Bank of Korea	50,000,000
Bank of Formosa	50,000,000

> Some optimism is now being shown regarding the adjustment of these domestic issues. Some of the concerns which have received advances from the Deposit Bureau show signs of recovery, and have already formulated plans for redemption of their debt by annual instalments. Both the Nihon Shigyo and the Godo Yushi Kaisha, for example, are now carrying out partial redemption by this means, and other readjustments are also under consideration.
>
> While all hope of recovering the unsecured loans made to China has not yet been given up, it is generally realized that the longer they remain unpaid the worse will be the effect when and if they are eventually written off. It is urged in some quarters, therefore, that they should be partly written off as soon as possible so as to lessen the blow gradually, as otherwise yen exchange will be badly affected.

NATIONAL GOVERNMENT AND CHINESE NEWSPAPERS

IT IS UNFORTUNATE that there isn't someone in the National Government sufficiently far-sighted to grant the request of the Chinese newspaper publishers for reduced postage rates. If China is ever to develop a republican form of government in accordance with the desires of the late Dr. Sun Yat-sen, and other political leaders of the country, past and present, there must be general education and it is difficult to see how there ever can be developed general education or unified thought on public questions so long as the government restricts the circulation of the Chinese newspapers by charging exorbitant postage rates. The American Government, for many years following its organization, did everything possible to encourage the publication and distribution of newspapers and it has only been in recent years since newspaper-publishing has become a prosperous industry that the Government has increased its postage rates on newspapers, and even now the new so-called "zoning" system of rates was designed for the purpose of encouraging newspaper distribution. Before the new rates came into effect in the United States the postage rates which newspaper publishers paid was one cent (gold) a pound. Then in addition to this all newspapers were granted free postage within the county of publication. This encouraged the publication of small newspapers because the publishers could send their papers to their local subscribers residing within 20 or 25 miles entirely free. Under the present "zoning" system, the post-office department charges the publishers postage rates based upon the distance the papers are transported, the rate becoming higher the greater the distance. The postage charged on the advertising sections of the papers is also higher than on the news and editorial pages. Complete details regarding the American postage rates on newspapers are not available here, but sufficient has been given to show that the American Government has always appreciated the importance of encouraging the distribution of newspapers, even to the extent of granting free postage on small "country" newspapers within the county where the newspaper is published.

ACCORDING to a report from Nanking last week the Ministry of Communications has refused a request of the Shanghai Newspaper Publishers Association for more favorable treatment, the report stating that the Post Office Department was chiefly responsible for the refusal. It was claimed that the Post Office is entitled to a profit for transporting the newspapers along the railways and to places

near Shanghai because of the losses suffered in transporting them to places in the interior off the railway lines. Since the Chinese Post Office is a government enterprise, it is difficult to understand its demand for a "profit" on the transportation of any kind of mail. The Post Office should be managed on the basis of service to the public and mail should be transported at cost with the rates worked out on some kind of a scientific system. But regardless of the system employed, the Central Government should do something to encourage the widest possible distribution of the Chinese newspapers even to the extent of distributing them free under certain conditions. The newspaper is an educative medium, second only to the public school and one would think that the leaders of the Kuomintang would realize this factor in their plans for unifying and reconstructing the country. It has been estimated that China is at least 80 percent illiterate and one of the reasons for this is the lack of newspapers. Shanghai, with a population of approximately 3,000,000 only has two Chinese newspapers with circulations exceeding 100,000 daily. Chicago, a city of the United States with a population about the same as Shanghai has one newspaper, the *Tribune* which has a daily circulation of approximately 1,000,000 and two other newspapers with circulations in excess of a half million. Even in Japan the newspapers have daily circulations running above the half million mark. Instead of assisting the Chinese newspapers and making them a definite part of the national reconstruction program, the Government seems to be doing exactly the reverse by trying to penalyze the newspapers. As stated in the foregoing, this whole matter of postage rates on newspapers and magazines should be worked out on a scientific basis designed to enable publishers to acquire the largest possible circulations as a definite part of the program for reducing illiteracy and unifying the political thought of the country. Then after this has been done the Government should insist that the Chinese newspaper publishers all over the country get together and organize a genuine Chinese national news agency or service similar to what has been done in practically every other country.

WHAT KING AMANULLAH LEARNED ABROAD!

AMANULLAH KHAN, King of Afghanistan, has just returned to his capital, Kabul, from a momentous trip abroad when he visited England, France, Germany, Italy and Russia. He took his queen Suraya with him. While King Amanullah was in London, the British Government got out the navy and the tanks and exhibited them. In France he was given a demonstration of warplanes. In Germany he saw an army, or at least what is left of the German army and in Russia they had a parade of the famous "Red" army. In Italy there was likewise a display of military equipment. Now King Amanullah and Queen Suraya are back in their own country and are giving manifestations of the education they received while on their trip abroad. According to a dispatch from Teheran, Persia, which appeared in the *Chicago Tribune* on October 8, King Amanullah, immediately following his return to Kabul called a session of his new parliament, named the Jorgeh, composed of 150 members elected by the people and put through a compulsory military service law which requires all able-bodied male citizens from the age of 17 to 70 to serve in the new standing army. The period of military training is three years and in order to provide properly trained officers he sent 200 young men to Russia, Germany, France and Italy and shortly is to send 70 more to England. In his opening speech before the parliament he announced that he had purchased 50,000 rifles of latest pattern and 50,000,000 rounds of ammunition in France and after parliament had sanctioned this act he put through a new law making every Afghan above 15 years of age liable to an annual tax of 5 afghans (the national currency) in order to finance his ammunition purchases in Europe. All military and civil-service officials are also required to forego one month's salary for government expenses. After the King's speech one of the members of the parliament got up and donated 100,000 afghans for military purposes and strongly advised all merchants to subscribe at least 25,000 apiece for the same purpose.

HOWEVER, all is not on the military side of the ledger, for the report from the *Chicago Tribune* also stated that an annual expenditure of $3,000,000 had been set aside for educational purposes and that 370 elementary schools with an attendance of 510,000 have been established. The King also announced that negotiations had opened with French and German engineers for the construction of three railways, one to connect the capital with the Indian frontier, another with the Persian frontier and another with the Russian frontier. The country has no seacoast but it was announced that negotiations have been opened with the British authorities in Baluchistan to the south in order that access may be had to the Indian Ocean. Pending construction of the railways the existing caravan routes are to be improved for automobile traffic. The great emphasis which has been placed upon military development in Afghanistan is a natural resultant of European intrigue and propaganda which has centered in Afghanistan for many years and which has finally inspired the Afghans to develop their own country independently. Afghanistan is not, or at least in the past has not been, an important country. The area is about 250,000 square miles, slightly larger than Szechuen province of China and the population is only 5,900,000 which is about one-fifteenth that of Szechuen, but strategically Afghanistan is of tremendous importance. On the North is Soviet Russia and Russian Turkestan; on the West, Persia; and on the South and East, British India and Baluchistan. Persia has long been the center of British and Russian intrigue and Afghanistan's location between Persia, British India and Soviet Russia has naturally served to concentrate the intrigue and propaganda of these three nations within that area. This explains why King Amanullah and Queen Suraya received so much attention while on their recent European tour. In it also of interest to mention that Afghanistan has recently established diplomatic contact with National China and China recently announced that a diplomatic mission is shortly to be sent to Kabul for the purpose of negotiating an "equal and reciprocal" treaty.

"AMERICAN POLICY TOWARD RUSSIA SINCE 1917"

THE ABOVE is the title of a new book (International Publishers, N. Y.) by Dr. Frederick Lewis Schuman, Professor of Political Science at the University of Chicago, which deals with the diplomatic relations of the United States and Russia since 1917, this date marking the beginning of the Soviet Regime. That the book is authoritative may be gained from a perusal of the chapter dealing with 'Trade, Credits, Gold and Oil" which is reprinted

elsewhere in this issue of *The Review*. In addition to the review of America's recent relations with Russia the first chapter contains a summary of the early relations of the United States with Russia from the time of the founding of the American Republic down to 1861. Here it is interesting to learn that Russia was the last country to recognize the new revolutionary government in the United States, just as modern America a century and a half later was to be the last of the Great Powers to recognize the new revolutionary government in Russia. The fact that autocratic Czarist Russia should have little in common with the American Republic, was a natural situation owing to the diametrically opposed views of the two governments on the subject of republicanism, but it is interesting to learn from a perusal of Dr. Schuman's book that international politics on several occasions threw America and Russia into close relationship. An example of this was provided in September 1863 when Russia sent two fleets to the United States, one to San Francisco on September 11 and the other to New York on September 24, at a time when it appeared that Great Britain, France and Austria were preparing to intervene on the side of the South in the American Civil War. Great Britain and France both sympathized with the Confederates in the American Civil War and Britain had recognized the belligerancy of the South. The future seemed dark for the Union and it was felt that the threats of European intervention would soon materialize. It was at this point that Russian friendship was manifested in a dramatic manner for the admirals of both Russian fleets carried "sealed instructions" to assist the Union in the event Britain and France should take hostile action. The American people did not forget this action which is supposed to have had a considerable influence in America's refusal to agree to a partitioning of Russia at the time of the Allied interventions following the World War, despite the fact that America participated in these various intervention programs. Space is too limited for a detailed review of this valuable book which is of special interest to people in this part of the world owing to the contact of Russia and Japan and China in Manchuria and Mongolia and Russia's former relationship with the radical wing of the Kuomintang. The book contains fourteen chapters with an appendix and several maps showing details of the various foreign interventions. It is documented throughout, there being some thirty pages of references to official U. S. governmental reports, newspaper and magazine articles. The only place where the author departs from documentary evidence is where he speculates upon the future of Russo-American relations and hazards the opinion that the rapidly growing trade relations of the two countries is causing more and more of the larger American commercial and financial interests to favor recognition, the latest being the American International General Electric Company which has just made a 5-year loan of G $26,000,000 to Soviet Russia for electrical development with a clause in the contract that the fulfillment of this agreement will constitute full and complete liquidation of the account against the Soviet Government on the grounds of confiscation of properties previously owned by the company in Czarist Russia. This new contract of a large American industrial company with Soviet Russia was made with the full approval of the State Department which is taken to indicate a "softening" of that Department's attitude toward American recognition.

The Deadlock Over the Nanking Flag Incident

IN LAST WEEK'S issue of *The Review* there appeared a report, the first that has been published locally of the unfortunate deadlock which has developed between the Chinese and American authorities over the question of reopening the American Consulate in Nanking. The deadlock has to do with the matter of a salute to the American flag which was torn down from the flagpole in front of the consular building by communistically inclined Chinese troops and rabble at the time of the Nanking incident in the spring of 1927. In the account of the situation which appeared in last week's issue of *The Review* it was stated that the Chinese have now completed the repairs to the American consular building which was looted at the time of the incident, but that the American consular officials have declined to resume occupancy of the building owing to the refusal of the Chinese to fire a salute to the American flag, the Chinese claiming that their official apology and offer to make restitution for property damages, which have been carried out, constituted complete redress for the indignities suffered by the American Government last year. It seems that the Chinese government does not actually refuse to fire a salute to the American flag but insists that if America will fire a salute in official recognition of the National Government that China will respond with an appropriate salute to the U. S. flag. It was also stated in connection with the previous reference to this question that the British and Japanese consulates in Nanking have already been reopened; the Japanese consulate about a year ago and the British consulate several weeks ago; and in addition, that the German Legation at Peiping has sent an official who will be permanently stationed in Nanking as the diplomatic representative of the German Republic.

The writer is not familiar with the details pertaining to the reopening of the British and Japanese consulates in Nanking, but American consular officials declare that it was only the American flag which was actually torn down when the three foreign consulates were looted. According to one American consular official, the looting of the three consulates took place early in the morning and that the Japanese and British consulates were looted before the flags had been put up, but that when the looters arrived at the American consulate the flag was flying from the pole in the consular compound. One of the responsible officials of the National Government when asked for information on this point, said that the Government had no definite information as to whether the Japanese and British flags were torn down at the time these two consulates were looted, but that the flags had been carried away by the mobs. He was positive that the British and Japanese flags had been carried away because they had been listed among the properties missing. In the case of the American flag it was not actually carried away, but according to newspaper reports it was pulled down from the pole and left lying on the ground where it was found about a month later in a soiled and torn condition by a foreign moving-picture man who brought it to Shanghai. The fact that both the Japanese and British consulates have been reopened without a special salute to the flag, indicates, on the face of things at least, that neither of these govern-

ments considered the theft of their flags of sufficient consequence to make the reopening of their consulates conditional upon this point.

The writer is not qualified to enter into a discussion of what constitutes legal amends for an alleged insult to a national flag. In the exchange of notes between the Chinese and American Governments last April dealing with the settlement of the Nanking incident, the following paragraph appears in the Chinese acceptance of responsibility,

> "In the name of the Nationalist Government, the Minister for Foreign Affairs has the honor to convey in the sincerest manner to the Government of the United States of America *their profound regret at the indignities to the American flag and to their official representatives of that Government,* the loss of property sustained by the American Consulate, and the personal injuries and material damages done to American residents. Although it has been found, after investigation of the incident, that it was entirely instigated by the Communists prior to the establishment of the Nationalist Government at Nanking, *the Nationalist Government nevertheless accept the responsibility therefore..... In accordance with the well accepted principles of international law, the Nationalist Government undertake to make compensation in full for all personal injuries and material damages done to the American Consulate and to its officials and to American residents and their property at Nanking.*"

The American note, in reply to the foregoing, "accepted the terms set forth in the Note from the Chinese Minister for Foreign Affairs *in definite settlement of the questions arising out of that incident,*" and concluded with the following paragraph,

> "Confident of the spirit of sincerity in which the present settlement has been made, the American Government *looks to the loyal fulfillment of the said terms of settlement as affording a measure of the good faith and good will which it may anticipate being met, by the Nanking authorities, in other phases of the relationship between the American and Chinese peoples.*"

A perusal of the foregoing paragraph from the American note as well as the other notes exchanged by the Chinese and American governments at that time pertaining to the Nanking incident fails to disclose any mention of a salute to the American flag. The Chinese note expresses *profound regret at the indignities to the American flag,* but says nothing about an official salute by the Chinese Government on the occasion of the reopening of the Nanking Consulate. It is possible that this question may have been discussed in the negotiations, but as the notes stand the matter of an official salute does not appear in the texts which were issued to the press on April 4 last.

In the opening paragraph of this discussion it was stated that the Chinese Government has refused to fire an official salute to the American flag on the grounds that their apology for the indignities to the flag and offer of reparations for damages, has already constituted full redress. This statement is not technically correct for the Chinese Government *has* offered to fire an official salute of twenty-one guns when the American flag is unfurled in the Nanking consular compound, but insists that the American Government should first fire an official salute of twenty-one guns in honor of the Nationalist Government, which, according to a recent ruling of the legal division of the State Department has already been recognized in consequence of the negotiation of the tariff treaty. The American Government, it seems, has agreed to fire a salute in honor of the National Government, but according to the best available information the American consular officials are insisting that the Nanking authorities first fire a salute when the flag is unfurled, following which the American gunboat will respond.

Since both Governments are willing to fire official salutes, the whole question therefore narrows down to the technical matter of which is to shoot first, and how!

The manner in which this impasse happened to arise is not known to the writer, but in view of the importance which has been placed on the question it appears strange that the matter of saluting the flag was not definitely included in the exchange of notes between the two governments last spring when the Nanking incident was officially settled. It is argued by some that this was implied in Nanking's expression of regret at the indignities to the flag and the offer to make compensation in full for personal injuries and material damages done to the American consulate and to its officials, etc. This seems to be the viewpoint of the American consular officials, but as stated previously, the Chinese argue that their official note expressing regret and agreement to make compensation constitutes full legal and diplomatic redress. One foreign legal authority in Shanghai to whom this question was put recently, gave it as his opinion that the matter of a salute to the flag should have been definitely included in the official exchange of notes and that nothing should have been left to chance in the settlement of such a matter involving the friendly relationship of the two governments.

That this dealock over the reopening of the American consulate in Nanking which was established originally in 1908, is unfortunate goes without saying. All fair-minded Americans and Chinese are agreed on that point, because obviously the American consulate in Nanking should be reopened. American business firms and missionary organizations having interests in Nanking involving negotiations with the Chinese Government are being handicapped by the absence of an American Consul or diplomatic representative of some sort permanently stationed in that city. This is especially true of American business representatives coming out from home who desire to get into touch with the officials of the various departments of the Government. They are forced to go to Nanking and find their way about without any assistance whatever from the officials of their own government whose duty it is to facilitate such contacts with letters of introduction and personal assistance. This handicap which Americans are suffering is emphasized by the presence in Nanking of the consular representatives of Great Britain and Japan and a diplomatic representative of Germany. There is a realization of course that American consular officials as the guardians of the prestige of our governmental interests abroad, should feel deeply on this question of adequate reparation for the desecration of the American flag by the Communists in the spring of last year, hence it is distinctly unfortunate that this deadlock has developed.

From the standpoint of the Chinese the situation is equally deplorable, because the present Nanking Government is obviously in none too secure a position from the standpoint of enforcing its authority. It is constantly being attacked by the radicals and

communists because of what they consider a too-conciliatory attitude toward the foreign "imperialists." Anyone who has the slightest conception of the problems facing the present Government, realizes that it has to watch its steps most carefully because any false move might provide opportunity for opposing factions to sweep the present government out of existence and bring in another radical regime similar to that which prevailed at Canton and Hankow prior to the establishment of the present Nanking Government. The radical resolutions which are now being passed by Chinese public organizations in reference to the negotiations with the Japanese over outstanding diplomatic questions, provides a fairly accurate index to prevailing Chinese public opinion on questions pertaining to China's foreign relations.

That the American Government realizes this situation and has been doing everything possible to strengthen the hands of the moderate elements in the Kuomintang is obvious. This was indicated in the decision of President Coolidge against armed intervention following the Nanking incident last year. It was again indicated in America's taking the lead in the settlement of the Nanking incident and in the negotiation of a treaty with the National Government granting tariff autonomy. Last week there was a further indication of the same tendency in the decision of the leading mission boards to waive claims for damages suffered in the same Nanking incident.

That China appreciates these altruistic moves on the part of the American Government is also evident in the fact that the National Government has already arranged for monetary reparations for the losses suffered by American citizens, something which we understand has not yet been done in the cases of losses suffered by other foreign nationals. Then there was a further indication of Chinese appreciation of American friendship in the recent announcement of the appointment of a number of American technical and honorary advisers in connection with the plans for reconstruction. And if further proof is needed it was provided in the decision this week on the part of the Government Reconstruction Bureau to purchase a large radio station from American interests—something which the Peiping Government had refused to do despite negotiations running over nearly a decade.

In view of this generally favorable tendency in the relationship of the two nations, it is unfortunate indeed that this misunderstanding over the matter of reopening the Nanking consulate should have been permitted to develop. Obviously there should be officials in the two governments broad-minded enough to rise above such questions, which may be important from a standpoint of diplomatic technicalities, but which are infinitesimal when considered from the broader viewpoint of Chinese-American relations!

Settlement of the Radio Deadlock

MR. CHANG CHING-KIANG, acting chairman of the National Reconstruction Bureau, announced on November 6 that the National Government had signed a contract with the Radio Corporation of America for the purchase of two "20-40" kilowatt short-wave overseas wireless transmitters with accompanying receiving apparatus capable of communicating directly between Shanghai and San Francisco. In addition it was announced that the National Government will shortly enter into another contract or traffic agreement with the Radio Corporation of America for the exchange of commercial and Press messages between China and the United States and other countries. The actual cost of the equipment which is being purchased in the United States, was announced at G. $170,000, but it is understood that the total outlay for buildings and grounds and a down-town office in Shanghai will be in the neighborhood of G. $250,000. The Chinese Government, according to report, deposited one third of the purchase price in a local Chinese bank for transmission to the United States, the balance to be paid in accordance with the terms of the agreement when the station is completed and ready for operation. It is understood that approximately one year will be required for the construction work on the new station, which will be handled by Chinese and American engineers.

The negotiations which culminated in the contract being signed were handled on the part of the Radio Corporation by Messrs. A.B. Tyrrell and G.F. Sheckler, the latter being the representative of the Radio Corporation of the Philippines, a subsidiary of the home organization. Chinese who assisted in the negotiations, in addition to Mr. Chang Ching-kiang, were Messrs. Li Fan-yi, Z. S. Yu and C. C. Wang. officials of the Chinese Government Bureau of Radio Communication which is connected with Nanyang College at Shanghai. According to the arrangements it is understood that the Electric Service Corporation of Shanghai, of which Mr. Roy Delay is president which is the local distributor for American Radio Corporation equipment, will handle the arrival and inspection of the machinery for the new Shanghai station. It was also reported that the Chinese Government Bureau of Radio Communication is shortly planning to establish a smaller station equipped to communicate with Manila for the exchange of wireless services between Shanghai and stations in the Philippine Islands which are controlled by the Radio Corporation. There has also been an announcement that the Chinese Radio interests are planning the acquisition of equipment for extending their wireless communications abroad to include Germany and other European countries.

The signing of this contract between the National Government and the Radio Corporation of America constitutes the ending of an old chapter and the beginning of a new chapter in China's communications history. Between 1896 and 1901 China entered into a series of agreements with British and Danish cable companies (and later an American company which, however, was controlled by the British-Danish trust) which conferred monopolistic priveleges whereby the so-called "cable-trust" has controlled China's external communications. These various monopolistic agreements extended for a period of thirty years and, according to report, will expire about 1930. The Peiping Government in 1918 and 1919 further muddled the situation by granting monopolistic concessions to Japanese and British companies for the construction of wireless stations and in 1921 signed still another contract with the American Federal Wireless Company for the construction, on behalf of the Chinese Government, of several additional stations. The British contract was with the Marconi Company and while not monopolistic, did provide for a Sino-British company to enjoy monopolistic facilities for the manufacture of wireless equipment. The contract with the Japanese Mitsui Company granted

the Japanese a thirty-year monopoly of all wireless communication within China and between China and foreign countries. When the contract was signed with the American company in 1921 the British and Japanese Governments protested and to add to the muddle the British-Danish cable trust also protested on the grounds that the American contract conflicted with their monopoly. This led to a long international wrangle which caused Secretary Hughes of the State Department to make an important pronoucement on the subject of the Open Door Policy, which pronouncement was later incorporated in substance in the Nine-Power Treaty pertaining to the Open Door and Equality of Opportunity which was signed by all the Powers represented at the Washington Conference in 1921-1922.

Since the present contract provides for the outright purchase of wireless equipment from the Radio Corporation, there would seem to be no further ground for protest on the part of foreign interests, although there is a possibility that the Japanese may attempt to cause further trouble in an effort to force China to take over the large wireless station which the Mitsui Company constructed near Peiping several years ago, but which, according to report is now practically obsolete owing to recent development in the field of wireless communication. The fact that the British-Danish cable monopoly is shortly to expire would also seem to preclude those interests from further protest, particularly in view of the fact that the American Western Union Telegraph Company is reported to be planning to construct a cable across the Pacific Ocean to connect the U. S. Pacific coast with the Asiatic mainland.

The construction of a new high-power wireless station by the National Government at Shanghai is expected to lead to the development and expansion of press service between China and the United States owing to the possibility of bringing about reduced rates for both news and commercial telegrams. It is also expected to lead to the expansion of wireless communication within China, the so-called Chinese Government Radio Service having already established circuits between Shanghai and Amoy, Canton, Chungking, Hankow, Kalgan, Mukden, Nanking, Peiping, Suiyuan, Taiyuan, Tientsin and Yunnanfu. This service, although new, is now said to be providing cheap and efficient communication and is shortly expected to provide relief from the deplorable conditions which have prevailed in the Chinese Telegraph Administration which have resulted from military interference and the failure of the Ministry of Communications in the past to keep abreast of the times in the installation of modern equipment.

Persian Shah Grants Women Greater Rights

Shah Rhiza Khan has granted Persian women the following rights, as related by H. Basil, Teheran correspondent of the *Chicago Tribune*:

1. When riding in a carriage or automobile the top may be let down.
2. A man and woman may sit in the same carriage or car.
3. Women are permitted to go to the theater and cinema where men are, but they must occupy separate rows of upper seats. No male is permitted to take a seat in that section.
4. They are no longer prevented from conversing with men in the streets or other public places. No man now is afraid of being seen talking to a woman, with the chance of both being arrested by a constable, taken to a police station, and fined. A constable now is only justified in approaching a couple when the woman calls for help. In this instance the man alone is fined. The woman is not obliged to give either a name or address.

There is a bigger liberty—that of men and women dancing in cafes, but this is only taken when there is no one around to protest.

Herbert Hoover Overwhelmingly Defeats "Al" Smith for Presidency

Herbert Hoover, Republican, has been elected president of the United States, defeating "Al" Smith, Democrat, by an overwhelming majority, the returns at the time of going to press being 462 electoral votes for Hoover and 69 for Smith. Not only did Hoover carry all of the Northern States, but he invaded the solid south. Hoover carried every state in the Union except Alabama, Arkansas, Georgia, Louisiana, Mississippi, North Carolina and South Carolina. Hoover's popular vote is 8,300,000; Smith 6,700,000; Smith led strongly in New York City, but his lead was overwhelmed by the up-state vote, so that New York went handsomely Republican.

Both houses of Congress have returned an increased number of Republicans, so that Hoover assumes the Presidency with a solid Republican majority behind him.

The result means that America stands by Prohibition enforcement, despite obvious difficulties. The defeated candidate, is a Roman Catholic, and his main plea was for a loosening of Prohibition enforcement. Smith's overwhelming defeat was largely due to the vote of the women, partly because of the Prohibition issue and also because in the eyes of the majority of women voters Mrs. Smith did not measure up to their standards as a suitable person to be the Lady of the White House.

Hoover's victory is particularly welcome to the Chinese, and also to most foreigners in China. Dr. C. T. Wang, Minister of Foreign Affairs, speaking on behalf of his associates in the government, said in an interview:

"Since the days of John Hay's declaration of the open-door policy in 1899, which prevented the partitioning of China among the European powers and Roosevelt's action in returning the Boxer indemnity, China has looked upon the Republican party as a consistent friend of China. This policy towards China was further exemplified by the action of Charles E. Hughes and President Harding in inviting China to take part in the Washington Conference and the enactment of further treaties guaranteeing China's territorial integrity. Last year there was a further exemplification of this friendship when President Coolidge refused to permit America to be dragged into a policy of armed intervention, thereby blocking the policy of certain nations which was designed to prevent China's achieving complete independence."

Referring to the fact that Mr. and Mrs. Hoover had formerly lived in China, Dr. Wang stated that their familiarity with this country would undoubtedly result in the coming Administration having a strong interest in Chinese problems as well as on Sino-American relations.

Chinese Alleged to be Going Illegally to Philippines in Droves

A Chinese correspondent at Amoy states that opium cultivation is still much in evidence in Fukien province and that a great deal of the sulphate of ammonia and other fertilizers which are imported to Amoy—Amoy being one of the principal points of import for same—is used on the poppy fields.

Incidentally this correspondent gives a hint that there is something wrong somewhere in the issue of certificates to Chinese going to the Philippine Islands. About eighty per cent of the Chinese in the Philippines are Fukienese and the immigration of Chinese to the Philippines is supposed to be prohibited. In actual practice it seems, however, that Chinese go back and forward between the Philippines and Amoy by the thousands, and certificates that such-and-such a Chinese was born in this or that province of the Philippines and is therefore entitled to enter the Islands, having "been home on a visit to relatives," or something of that sort are being forged wholesale, and that neither the immigration authorities in the Philippine Islands nor the American Consular officials in China are making any real effort to stem the onrush of the increasing illegal tide of Chinese humanity that flows to the Islands.

Claim Made on U. S. Government for Chinese Killed in Peiping

A *Kuo Wen* correspondent at Peiping complains that there is great delay in the granting of compensation by the U. S. Government to a Mrs. Wang, whose only son, Wang Erh-kuo, was run down by a motor car driven by an American marine January 6, 1917, and killed. The Peiping Municipality has filed a claim for the payment of $200 a year for twenty years to Mrs. Wang. The commandant of the American Legation guard was driving in the car at the time. He paid $200 to the mother and told her that any further claims would have to be made to the American government.

Growing Commercial Relations of America and Russia*

BY FREDERICK LEWIS SCHUMAN, PH. D.

Despite the absence of political relations between the Governments of the United States and the U.S.S.R., there has developed an extensive commerce between the two countries, substantially in excess of that carried on before the war. The following table, based on United States Customs House figures, shows annual American imports from and exports to Russia since 1910 for European and Asiatic Russia. Figures are in gold dollars and are furnished through the courtesy of E. C. Ropes, Regional Expert of the Bureau of Foreign and Domestic Commerce, U. S. Dept. of Commerce. U. S. Gold Dollars.

Year	Imports from Russia	Exports to Russia
1910	$13,823,265	$19,533,761
1911	15,899,256	25,458,033
1912	28,346,870	27,315,137
1913	24,377,070	26,909,707
1914	14,569,397	27,956,337
1915	3,086,595	169,993,904
1916	8,618,695	470,508,254
1917	14,514,431	424,510,459
1918	10.670,007	17,335,518
1919	9,663,088	82,436,185
1920	12,480,586	28,727,718
1921	1,073,381	15,779,109
1922	591,564	37,631,490
1923	1,515,779	10,066,726
1924	8,055,729	42,962,886
1925	13,119,673	68,906,060
1926	14,121,992	49,905,642
1927	12,876,791	64,921,693

These figures reveal, among other things, how consistently the United States has maintained a "favorable" balance of trade with Russia and how pronounced an effect the demands of the war years had upon the volume of Russian-American commerce. The totals for 1918, 1919 and 1920 (in part) represent trade with those portions of Russia occupied by the Anti-Bolshevist forces. The Allied blockade and the restrictions imposed by the State Department rendered impossible any commercial intercourse with the areas under Soviet control during this period. The large export total for 1922 includes famine relief supplies. Only since 1923 has commerce approached a normal state. Imports from Russia, it will be noted, have grown until they approximate the figures for the pre-war years. Exports to Russia have shown a much more remarkable growth, more than doubling the highest pre-war figure in 1925 and 1927. The post-revolutionary figures do not, of course include trade with Finland, Poland and the Baltic States as do the pre-war totals. Commerce with Russia constituted about the same proportion of American foreign trade as in the ante-bellum period. Imports from Russia made up about one-third of 1 per cent of total American imports, as compared with between 1 and 1½ per cent before the war, while exports to Russia constitute approximately 1.4 percent of total American exports as compared with 1.2 per cent before 1914. On the other hand, the United States holds a much more important place in Russian import trade than before the war, contributing between 15 and 20 per cent of Russia's imports in recent years, as compared with 5 to 8 per cent before 1914.

In character this trade differs from the pre-war trade not so much in the commodities entering into it as in the method of making transactions. American exports to Russia, as before, consist chiefly of raw cotton, machinery, motor cars and trucks and metals. Imports include furs, manganese ore, sheep casings, flax and tow, caviar, bristles and licorice root. These commodities are exchanged not with private firms or individuals in Russia but with the trade agencies of the Soviet State. Foreign commerce is a monopoly of the Union, controlled by the Commissariat for Foreign Trade. Over 95 per cent of the foreign commerce of the U. S. S. R. is handled by State institutions and enterprises, State joint stock companies and cooperatives. About half the volume of Russian-American commerce passes through the hands of the Amtorg Trading Corporation, incorporated under the laws of New York in May, 1924, and acting as the agency of the Soviet import and export bureaus. The All-Russian Textile Syndicate purchases cotton, dyes and other products needed by the Soviet textile industry. Other trade agencies include Centrosoyus-America, agent of the All-Russian Central Union of Consumers' Societies, the largest co-operative union of Europe, and Selskosoyus-America, agent of the Russian union of agricultural co-operatives.

*This article is a chapter from a book entitled "American Policy Toward Russia Since 1918," by Frederick Lewis Schuman, Ph. D., Instructor in Science, University of Chicago.

Growing Interest in Russian Development

These developments have been accompanied by a constantly growing interest in Russian commercial possibilities on the part of American manufacturers and exporters. In October, 1923, a "Committee on Russian Trade" was formed in New York with the announced purpose of taking immediate action to prevent British and German merchants from seizing all Russian trade opportunities. The year 1924 found a large number of prominent American manufacturing corporations doing a profitable Russian trade through the Allied American Corporation. This trade was financed through the extension of credits by a number of important New York financial institutions which became agents of the State Bank of the U. S. S. R. The American-Russian Chamber of Commerce was reorganized in June, 1926, after many years of inactivity, with Reeve Schley, Vice-President of the Chase National Bank, as President. The present profits and future propects of trade with the Soviet Union are commanding increasing attention from a wide variety of American business establishments.

Conclusive evidence of this tendency is to be found in the expanding activities of the American-Russian Chamber of Commerce. It is actively engaged in promoting trade between the two nations by maintaining an information bureau in New York, publishing pamphlets and bulletins, answering inquiries from members, arranging meetings and keeping in close contact with the various Russian trading organizations in the United States. It established an office in Moscow in January, 1927, through the services of one of its vice-presidents, Charles H. Smith, formerly American representative in the Inter-Allied Railroad Commission in Siberia. Here direct contacts are maintained with the various departments of the Soviet Government, visas are facilitated for members and accommodations for visitors are provided. The Board of Directors of the Chamber includes representatives of some twenty leading American financial and industrial establishments. The frequent meetings of the Chamber bring increasing numbers of American business men into contact with Russian trade representatives. At the luncheon at the Bankers' Club of America in New York on February 17, 1928, Mr. Charles H. Smith, Mr. Vitaly Korobkoff, one of the Directors of the State Bank of the U.S.S.R., and Mr. Saul G. Bron, head of the Amtorg Trading Corporation addressed a gathering of over two hundred American financiers and industrialists. The work of the Chamber should contribute powerfully to the continued growth of Russian-American commerce.

Growing U. S. and Russian Trade

According to a statement issued by Mr. Bron on April 23, 1928, a new peak in trade between the United States and Russia was reached through the transactions in the six months ending March 31, 1928. The total trade is estimated at G.$80,000,000, as against G.$59,000,000 in the preceding half year and G.$34,000,000 for the corresponding six months the year before. The trade total in the full year 1913 was G.$48,000,000. The Amtorg summarized the figures of this unusual increase in trade as follows:

> Purchases of goods for shipment to the Soviet Union for the past halfyear period amounted to G.$65,469,199. Sales of Soviet products here by the Amtorg and by the Centrosoyus and the Selskosoyus, representing Soviet co-operatives in this country, amounted to G.$8,148,829. Estimating the value of manganese exports from Russia to this country and of sales of Soviet furs by American companies under special contracts at more than G.$6,000,000 a total of G.$80,000,000 for the Soviet-American trade is obtained. (*N. Y. Times*, April 24, 1928)

At the same time there has been some investment of American capital in various enterprises throughout Russia through the acquisition of concessions. The Communist leaders early realized that they must secure the assistance of foreign capital if they desired to achieve a rapid rehabilitation of Russia's shattered economic system. Their efforts at Genoa and The Hague to secure a large reconstruction loan, guaranteed by the governments of the Western Powers, were unsuccessful. The Soviet authorities, however, still hoped to induce foreign capitalists to invest in Russia by offering economic concessions on advantageous terms to those who would bid for them. They were not mistaken in believing that scruples against dealing with the Communist "robbers" could be overcome by the scent of profits.

The Soviet Union's vast mineral and petroleum resources have been particularly attractive to foreign concessionaries. The first concession negotiations involving an American citizen were those undertaken by Washington B. Vanderlip in 1920. His bargain for coal, oil and fishing concessions in Kamchatka

and eastern Siberia, alleged to be worth $3,000,000,000 never materialized, however. The Soviet authorities apparently hoped, by holding out such prospects to create a demand for diplomatic recognition in American business circles and to secure American assistance in ousting the Japanese from Siberia. Another concession of a somewhat similar character was that granted by the Far Eastern Republic in 1922 to Henry F. Sinclair for the exploration and exploitation of the oil resources of northern Sakhalin. Following the absorption of the Far Eastern Republic, the grant was confirmed by the Soviet Government, subject to cancellation if work was not begun within the first year or the United States failed to recognize the Soviet Government within five years. The Japanese forces of occupation refused to permit the "Sinclair Exploration Company" to commence operations and in March, 1925, the concession was annulled by the Soviet courts. The company protested to the State Department and sought to show that the concessions granted to Japanese interests by the Soviet-Japanese treaty of January, 1925, were not only infringements upon the company's rights, but constituted a violation of the principle of the "open door." But the Department declined to take any action.

The Harriman Concessions

The failure of these grandiose schemes for economic empire in Siberia did not deter American investors from entering the Russian market under contracts of a more conservative character and unincumbered by political complications. Complete data on the terms of American concessions held in Russia are unfortunately not available at the time of writing, but the more important agreements may be briefly enumerated. One of the largest concessions thus far granted to any foreigner by the Soviet Government is held by W. A. Harriman and Company of New York in the Chiatouri manganese mines of Georgia, which supplied 50 per cent of the total world output of manganese before the war. By the terms of the contract signed June 12, 1925, the company secured the exclusive right to prospect and work the Chiatouri deposits for twenty years. The concession district contains 12,492 acres believed to hold 80,000,000 tons of ore valued at G. $16,000,000,000. The company agrees to invest G. $4,000,000 within five years in specified improvements and to export at least 16,000,000 tons of manganese and manganese peroxide during the term of the concession. A royalty of G. $3.00 per ton on exports during the first three years and G. $4.00 per ton thereafter must be paid to the Soviet Government. While there have been some minor modifications of the terms of the concession, it appears to be working to the satisfaction of both parties. The concession granted in April, 1925, to the Lena Goldfields Company, a British and American concern, covers mines of various kinds in northern Siberia and the Ural region, runs for fifty years and involves an investment of G. $11,000,000. Other concessions of lesser importance have been granted to Americans in the fields of mining, manufacturing and fur trading. In the fall of 1927 an agreement was signed with a group of Americans headed by Percival Farquhar of New York, contemplating a six-year credit of G. $40,000,000 to reorganize the Makkayev Metal Works in the Donetz Coal Basin. If its terms are carried out, American capital invested in Russia will approximate the pre-war figure of G. 58,000,000.

A statement of the Amtorg Trading Corporation, based on the data of September 1, 1927, indicated that of the 110 operating concessions in the U.S.S.R. at that time, 31 were held by Germans, 11 by Americans, 10 by Englishmen, 8 by Japanese, 6 by Poles, 6 by Swedes, 5 by Frenchmen, 5 by Austrians etc. The United States thus holds second place in the number of concessions agreements signed with the Soviet authorities. The following are the American concessions in the Soviet Union according to the date supplied by the Amtorg Trading Corporation:

1. Manganese concession, Georgian Manganese Co., (W. A. Harriman & Co.) Right to prospect, exploit and export manganese for 20 years. Granted, June, 1925.

2. Placer gold mining concession, on the Semertak River, Siberia. Granted to Mr. Vint for 20 years.

3. Asbestos concession, American Asbestos Co. Granted for a term of 20 years.

4. Agricultural concession, for farming in the Northern Caucasus. Granted in 1925 for 15 years.

5. Manufacture of pencils, pens and similar articles; Hammer Co. Granted in 1925 for 10 years.

6. Concession for manufacture of oxygen, acetylene and other gases; Russian-American Compressed Gas Co. Granted, December, 1926 for 15 years,

7. Prospecting concession granted to New York Corporation, Beloukha. Rights to send an expedition to the Southern Altai Mountains to explore for minerals. Granted, June, 1927 for two years.

8. Technical assistance in the iron and steel industry; Freyn Engineering Co. May, 1927.

9. Technical assistance in the coal industry; Stuart, James & Cooke. June, 1927.

10. Technical assistance, Dnieperstroy construction; Hugh L. Cooper Co.

11. Technical assistance in the coal industry; Allen Garcia Co.

The Status of Investments

The refusal of the United States to recognize the Soviet Government, and the consequent inability of the State Department to afford diplomatic protection to American investors in Russia have not prevented such investments from being made, though they obviously constitute an obstacle to the free flow of American capital to Russia in so far as they create the impression that ventures in the Soviet Union are less secure than they would be elsewhere. The Philosophy of Communism and the example of wholesale confiscation in the past lend support to such a view, but in practice the Soviet Government has scrupulously observed its contracts with concessionaries. The Soviet authorities are particularly anxious to induce American investors to accept concessions and look to America as the greatest source of liquid capital in the world. Although investments thus far are insignificant as compared with the total volume of American foreign investments, the vast economic potentialities of the Soviet Union make it probable that American capital will enter the Russian field to an increasing extent regardless of the absence of diplomatic relations between the two governments.

While Russian leaders have repeatedly contended that the commercial and financial contacts which have been established between the two nations would be greatly increased by the extension of recognition to the Soviet Government, the Department of State and the Department of Commerce in Washington take the view that the restoration of political relations would have little or no economic effect. The character and volume of Russian-American commerce, they insist, depends upon economic factors and not upon the presence or absence of a Soviet Ambassador in Washington or of an American Ambassador in Moscow. An exchange of consular representatives would achieve little because of the Soviet monopoly of foreign trade, which centralizes responsibility for all sales and purchases abroad and leaves no opportunity for the encouragement of business between Russian and American merchants through the information furnished in consular reports. Rocognition would, of course, simplify the problems of travel and of the exchange of commodities and money between the two countries, but, from the Washington viewpoint, it could have no such far-reaching effects upon commerce as some of its advocates anticipate.

The whole question revolves about the problem of credits. It is generally agreed that the future expansion of Russia's foreign trade depends to a peculiar degree upon her success in obtaining long term credits abroad. The present situation in regard to credit facilities for Russian-American commerce is briefly that short term credits running at most for a year or eighteen months, are readily obtainable by the Soviet trade agencies in New York, but long term credits are, or have been until recently, quite unavailable. In other words, ordinary commercial credits are granted, but long term loans are refused. The refusal, moreover, is due in large part to the action of the State Department in discouraging such transactions. The Department not only disapproves of the extension of long term loans directly to the organization engaged in trade with Russia, but has even objected to American financiers' loaning money to bankers and merchants of third countries to facilitate their trade with the Soviet Union. In the spring of 1926 W. A. Harriman negotiated with Soviet and German authorities and with representatives of Berlin banks regarding a loan of G. $35,000,000 to finance German exports to Russia on long term credits. Owing to the opposition of the State Department, the project was abandoned.

Loans and War Debts

The policy of the State Department in this respect is apparently dictated not by hostility toward the Soviet regime nor by any principle of discouraging loans to countries with unrecognized governments, but by the general attitude taken toward all nations which have not funded their war debt to the United States. On May 25, 1921, President Harding informed a conference of leading bankers at the White House that the Government disapproved of further borrowings in the United States by foreign governments which had failed to meet past obligations. The bankers agreed to inform the State Department of all prospective loan transaction in order that it might have an opportunity to object if it saw fit. Since that time all loans to foreign governments have been submitted for official approval before their conclusion. Early in 1923 provinces, municipalities and private enterprises within the country concerned were included in the prohibition.

Since the objection of the State Department to loans or long credits to the Soviet Government or its trading agencies

is thus not a consequence of non-recognition, but of the failure of Russia to meet her obligations to the United States, the mere resumption of diplomatic relations would effect no change in the situation. The belief of Soviet officials that recognition would at once be followed by the extension of more liberal terms of credit would seem to be unfounded. Recognition unaccompanied by the commencement of debt funding negotiations would not modify the State Departments attitude. It should be noted, however, that a possible precedent for a change of view exists in the virtual abandonment of the established policy as regards France.

Ban on Long Term Credits Lifted

In November, 1927, in response to inquiries regarding the Farquhar project. the State Department explained its position more fully and partially lifted the ban on long term credits. It was said that such credits would no longer be objected to when their purpose was to facilitate the sale of American goods to Russia. But the extension of non-commercial loans to the Soviet regime or the flotation of Russian securities in the United States would be barred. In January, 1928, it was reported that the Soviet authorities were already disposing of a part of a G, $30,000,000 Russian railway bond issue in the United States with the Chase National Bank of New York the Amalgamated Trust and Saving Bank of Chicago, and the Bank of Italy in San Francisco, agreeing to pay interest on the bonds as they accrued. The flotation of securities aroused the resentment of the New York Life Insurance Company and other holders of the repudiated Russian railway bonds of 1916 and fell under the ban of the State Department. On February 1, 1928, the Department announced its objection to the Soviet bonds. It was indicated that the Farquhar concession loan of G. $40,000,000 would also be objected to if any attempt were made to raise the required money by the sale of securities. French interests representing former owners of the nationalized Makkeyev works, which were to serve as security for the loan, also voiced their objections. The State Department will doubtless continue to discourage such transaction as well as extensions of long term credits not required directly to finance American exports to Russia, as long as Russia's past public and private financial obligations remain unacknowledged.

Another obstacle to the free flow of Russian-American commerce is the attitude of the Treasury Department toward gold of Soviet origin. The ban imposed in 1920 on the acceptance of such gold by the Mint and Assay Offices was not lifted at the time when other restrictions on trade with Russia were removed. It has been theoretically retained to the present, though G, $12 200.000 in gold was sent by the Soviet Government to the United States in 1922 in partial payment for famine relief supplies, and smaller sums of Soviet gold have arrived from time to time and been accepted without question. The prohibition was defended on the ground that the Soviet Government's repudiation of Russia's State debts and its confiscation of foreign property left the title to all gold coming from Russia in question. In the absence of diplomatic recognition, the Soviet Government enjoys no legal status in American courts and holders of claims against Russia could presumably attach such gold with little difficulty. Under the 1920 regulation of the Treasury Department the Assay Offices required the following affidavit from all presenting gold of suspicious origin:

Gold Purchase Regulations

> The Undersigned owner of a lot of gold, in the amount of for the purpose of inducing the United States to purchase such gold, delivered to the United States Assay Office, does hereby represent and warrant that said gold is not of Bolshevist origin and has never been in the possession of the so-called Bolshevist Government of Russia.
>
> The Undersigned further represents that it is acting on its own behalf and not for account of another in offering said gold for sale to the United States, and does forever warrant to the United States, without any qualification or reservation whatever, the title to said gold.

The effect of this requirement was to bar all shipments of Soviet gold to the United States, since gold which is rejected by the Assay Officers is worthless for ordinary commercial transactions. The ban at first included even indirect shipments of gold from Russia, such as gold of Soviet origin bearing the mint stamp of Sweden, but in March, 1921, the Director of the Mint explained that gold bearing the mint stamp of any recognized nation with which the United States was on friendly relations would be accepted. Considerable shipments were made in this indirect way in order to meet the "unfavorable" balance of Soviet trade with the United States. According to Mr. A. L. Scheinman, Chairman of the Board of Directors of the State Bank of the U.S.S.R., "the adverse balance in the accounts between the State Bank of the U.S.S.R. and the banks of the United States have impelled the former on many occasions to sell gold in London or Berlin and to transfer the proceeds of the sales to the United States. The roundabout method of settling accounts was neither in the interest of the State Bank of the U.S.S.R. nor in the interests of its American correspondents. Therefore the State Bank attempted to establish direct relations with the American credit market."

No Legal Restrictions

Early in 1928 the State Bank, encouraged by the repeated assurances of the State Department that no legal obstacles to Russian-American trade existed and hopeful that its funds in the United States would no longer be subject to attachment decided to ship directly to the United States $5,210,000 in gold. This sum, in bars of gold mined in Russia in 1925 and 1926 and bearing the imprint of the Moscow Assay Office, was sent from Hamburg by the German correspondent of the State Bank, the Garantie und Kreditbank fur den Osten, and consigned to the Chase National and the Equitable Trust Company of New York. The shipment arrived February 21, 1928. The United States Assay Office informed the banks that the gold could not be accepted under the Treasury regulations of 1920, but it was reported at the White House that President Coolidge regarded the shipment as a purely commercial transaction and the State Department declared that it had no political objections to the acceptance of the gold.

The final decision of the Treasury Department was not given until March 6. On that day Paul Claudel, French ambassador in Washington, transmitted a note to Secretary Kellogg, stating that the Bank of France, because of its gold deposits in the old Imperial State Bank of Russia, had a special interest in all gold of Soviet origin and intended to assert its right to the G.$5,210,000 by judicial action. The Bank of France simultaneously informed the Chase National Bank and the Equitable Trust Company of its intention and filed suit in the United States District Court of Southern New York, alleging that the gold in question was the identical gold it had deposited in the Imperial State Bank in 1915 and 1917. Later in the same day Secretary Mellon announced that the Assay Offices would refuse the gold, since the consignees declined to present it as owners and to guarantee title to it. It was later reported that the Rumanian Government had also taken steps to secure possession of the gold to satisfy its financial claims against Russia.

Status of Soviet Gold

These events led Mr. Scheinman to issue a statement pointing out that the Soviet gold held in New York could by no possibility be identical with the deposits of the Bank of France and accusing the French Government of bad faith, in view of the French note of October 28, 1924, extending *de jure* recognition to the Soviet Government and pledging full protection of Russian interests pending the settlement of all claims by negotiation. The Bank of France had made no attempts to attach the large quantities of Soviet gold shipped to England and Germany and the title to Soviet gold deposited in France and never been questioned. The State Bank of U.S.S.R. moreover, was in no sense the legal successor of the Imperial State Bank and was not responsible for its obligations.

The controversy closed temporarily with the release of the gold by the Chase National Bank and the Equitable Trust Company and its reshipment to Germany. The Soviet authorities greeted this news with satisfaction as an evidence of the desire of American big business to thwart "European intrigue" designed to hamper Russian-American commercial relations. The re-export of the gold of course ended the possibility of its attachment by the Bank of France through action in American courts, though it was reported that the suit would be continued. The general issue remains, however. So long as the Treasury Department continues in force the 1920 regulation, it will be impossible for Soviet gold to enter the United States directly to settle accounts and to serve as a basis of credits. This, like the ban on long term loans, constitutes an important qualification to the official policy of "trade without recognition." It is a direct result of non-recognition. Were the Soviet Government recognized, its title to gold shipped to the United States would not be questioned in American courts. The absence of diplomatic relations forbids further gold shipments. Since the Soviet Union is a gold-producing country, this prohibition is a direct restriction on trade as well as an indirect one through its effect on credits. The official position maintained at Washington, *i. e.*, that non-recognition does not constitute an obstacle to commerce, is therefore not in accordance with the facts.

The Struggle for Ore

Another of the significant aspects of Russian-American commercial relations is found in the role of American oil interest in the world struggle for Russian petroleum resources. At the time of the Genoa Conference both the British Royal Dutch Shell Company, directed by Sir Henry Deterding, and its great competitor, the American Standard Oil Company, held claims to oil properties in Russia which they hoped to have recognized. That the Allied demands for the restoration of private property in Russia to former owners coincided perfectly with the desires of the oil interests requires no demonstration. Following the failure at Genoa and The Hague,

the United States and the participating governments declared that they would not assist their nationals to acquire property in Russia formerly owned by other foreign nationals. In September, 1922, the Royal Dutch Shell, Standard Oil, Anglo-Persian, the Franco-Belgian Syndicate and other oil companies formed the *Groupement International des Societes Naphtieres en Russie* for the purpose of protecting their claims to the properties which the Soviets had nationalized. Each agreed not to acquire concessions in Russia at the expense of the claims of the others. But the Soviet Government, unable to lease out the oil properties to concessionaries and unwilling to restore them to their former owners, began to develop them itself and was soon exporting oil in substantial quantities. The oil magnates became apprehensive and open to temptation. Sir Henry Deterding, though President of the *Groupment*, began purchasing oil from the Soviets early in 1923. The Standard Oil did the same and the *Groupment* speedily collapsed in a general scramble to secure favorable bargains for the purchase of oil from the Soviet Naphtha Syndicate.

The struggle between the Royal Dutch Shell and the Standard Oil for control of the Mediterranean and Near Eastern markets now began in earnest. The Soviet oil fields in the Caucasus, by reason of the excellent quality of their product and their proximity of these markets, were the logical source of supply. Sir Henry welcomed the opportunity to purchase it for retailing in this region. But in 1924 Soviet oil began to compete with the Royal Dutch Shell in England itself in the retail trade, through Russian Oil Products, Ltd. (ROP). This led to a general outcry against purchasing "stolen oil," led by Sir Henry and his associates and supported by the Association of British Creditors of Russia. Meanwhile Standard Oil commenced purchasing large quantities of Russian oil and opened negotiations looking toward the purchase of most of the output of the Soviet Naptha Syndicate. These transactions were entered upon energetically by the Standard Oil Company of New York and the Vacuum Oil Company over the protests of the Standard Oil Company of New Jersey, whose scruples against buying "stolen goods" were doubtless supported by reluctance to wage open war on the Royal Dutch Shell. The negotiations culminated in a series of contracts in 1926 enabling the Standard Oil of New York, with its source of Russian supply insured, to meet the Royal Dutch Shell in the Mediterranean and Near East markets with every prospect of success.

Henry Deterdings Campaign

But Sir Henry's first and more immediate foe was *ROP* in Great Britian. This dangerous rival, backed by the Soviet Naphtha Syndicate, was able to undersell Royal Dutch oil in the domestic retail market. Despairing of winning the struggle by economic means alone, Sir Henry gave his full support to the press campaign for the breaking off of diplomatic relations with the Soviets and the expulsion from England of the insidious purveyors of Communist propaganda and cheap oil. But the Foreign Office was cold. Sir Henry learned with alarm that the Midland Bank was about to grant to the Soviets a credit of £10,000,000. On May 11, 1927, the credit agreement was signed. On the next day, by order of the Home office, the headquarters of Arcos, Ltd., the Soviet trade agency in London, were raided and searched. Convenient documents demonstrating the subversive activities of the Russian agents were discovered. Press and Parliament roared for a rupture. Prime Minister Baldwin and Sir Austen Chamberlain, perhaps against their better judgment, were compelled to bow to the Tory "die-hards." Diplomatic relations with the U. S. S. R. were severed. The credit agreement was annulled for the time being, though it has since been renewed at £15,000,000. Hints of war followed. Sir Henry rejoiced.*

But he reckoned without his host. No other nation followed the British example. France, to be sure, obliged Moscow to recall Ambassador Rakovsky, but no break ensued. All Russia rallied to the defense of the Soviet regime in the face of the British threat. Worst of all, the situation threw the Soviet Naphtha Syndicate into the arms of Standard Oil. With Russian oil now at its disposal on very favorable terms, the Standard (N. Y.) carried the war into India. Sir Henry hotly denounced this trafficking in "stolen goods" with "a gang of cut-throats, assassins and thieves" and began price cutting in turn. At the time of writing sober British statesmen are wondering whether, after all, anything of value was achieved by the break with the Soviets and the Standard, with Russian oil as its weapon, is endeavoring to drive the Royal Dutch Shell out of its markets in India and the Near East. The end is not yet.

Whether these circumstances are likely to have any effect on the American policy toward Russia is problematical. The State Department's position supported American oil interests at the time of Genoa and The Hague and it has not interfered with the dealings of the Standard of New York and the Vacuum Oil Company with the Soviets. It is perhaps not without significance that early in 1926 Mr. Ivy Lee, "adviser on public relations" of the Standard of New York, began a campaign for unrestricted trade relations between the Soviet Union and the United States. The economic determinist may well reason that continued and increasing pressure of this kind from oil interests, banks, concessionaries, merchants and others interested in Russian trade will eventually bring about a resumption of diplomatic relations. This is indeed a probability, when and if American economic interests in Russia become much more important and influential than they are at present. But the undermining of a policy that has almost become a tradition and the swinging of the enormous inertia of public opinion in favor of recognition are not tasks to be accomplished in a day.

*To ascribe the Anglo-Soviet rupture and the Rakovsky imbroglio entirely to the influence of the Royal Dutch Shell would be to overlook other important factors in both situations. It is nevertheless very probable that Sir Henry Deterding played a decisive role in the drama.

Pan-Pacific Trade Union Conference Convenes in Shanghai

In the strictest secrecy, in the midst of a most diligent and supposedly omniscient espionage and "intelligence" system (Chinese, Japanese, and European) devoting all its efforts to the tracking down of "Bolshevism," the Pan-Pacific Trade Union Conference held its annual meeting in Shanghai three weeks ago, with perhaps a score of delegates present, representing half a dozen foreign countries as well as China.

This was the successor of the conference held in Wuhan in June last year, which included representatives of China, Japan, Korea, Java, India, Russia, Germany, France, Britain, and the United States. This year there was no representative from France, but Japan, Russia, Britain, and the United States are known to have been represented, as well as Java and the Philippines. Australia, Germany, India, and Korea may also have had representatives.

As those acquainted with the Chinese labor movement are aware, the most active part in the formative stage of the movement here was taken by Communistic elements. When the Pan-Pacific Trade Union Conference was called last year in Wuhan, it was dominated generally by organizations connected with the Red International of Trade Unions at Moscow, a body which is in turn dominated by the Communist political organization. Since that time there has been a radical change in conditions in China. The Communist-dominated unions have been forced underground, together with many other labor unions. Only in industrial Shanghai (and some few rather unimportant districts) has labor organization during the past year survived the terroristic campaign carried on by Government and employers with the aim of "Down with Communism and wages!"

In Shanghai some strong unions, such as those of the postal workers, department store workers, printers, tobacco workers, electrical workers, etc., have struggled through and maintained themselves against the efforts of both Fascist and Bolshevik elements alike, the former as represented by the Reorganization Committee of the Shanghai General Labor Union (which the unions forced to change its entire make-up and character), and the latter as represented by the Shanghai General Labor Union, an underground organization.

Of the Chinese unions, it is only those dominated by Communist elements which were represented at the recent conference. There was, of course, bitter denunciation of the present "counter-revolutionary government at Nanking," as well as of foreign Imperialism. Su Chou-ging, former Minister of Labor in the Nationalist Government at Wuhan, is said to have been present as a representative of China's revolutionary labor unions.

Colonel Max Bauer and the Nanking Government

A recent *United Press* telegram from Berlin stated that Colonel Max Bauer denied statements previously made in dispatches from Shanghai that he had been appointed an adviser to the Nanking government. The same dispatches from Shanghai had stated that several other former German officers had accepted positions under the Nanking government to train soldiers. This was also semi-officially denied in Berlin and is also denied here in China. A prominent German resident in Shanghai states that he met Col. Bauer in Germany some months ago and the latter already had at that time expressed an intention of returning to China, but even though he took a position under the Nanking government it would not be in a military capacity.

Mr. Charles R. Crane Appointed Honorary Adviser to China

Mr. Charles R. Crane, former American Minister to China, has been invited by the Ministry of Industry, Commerce and Labor of the National Government to visit China and serve as an honorary adviser in reconstruction schemes pertaining to industrial development. The invitation was cabled to Mr. Crane in New York on Monday, November 6, by Dr. H. H. Kung, acting on behalf of the National Government. Mr. Crane, who is a native of Chicago, served as American Minister to China from May 1920 to June, 1921, receiving his appointment from President Woodrow Wilson. Mr. Crane was born on Aug. 7, 1858 and received his education in the Chicago public schools. For mnay years he was engaged in the manufacturing business, being a member of the famous Crane Company, manufacturers of valves, fittings, etc., and also the Otis Elevator Company, both of which firms are owned by the Crane Company. He was Chairman of the finance committee in the first Wilson presidential campaign and served as a member of President Wilson's Special Diplomatic Commission to Russia in 1917 and was a member of the American Commission on Mandates in Turkey in 1919. For many years prior to his connection with national politics, he was active in political affairs in Chicago, serving on the Chicago Bureau of Public Efficiency, Municipal Voters League, etc. He is an active member of the American Economic Association and is president of the board of trustees of the American College for Girls at Constantinople. While Minister to China, Mr. Crane traveled extensively throughout the country familiarizing himself with conditions. He contributed liberally to Chinese charities and it was his donation of G. $50,000 which enabled the Foreign Y. M. C. A. in Shanghai to obtain its present site on Bubbling Well Road.

Mr. Chas. R. Crane

As the U. S. Marines View the Situation

(The following is reprinted from the Nov. 3 issue of "Walla Walla" the miniature newspaper published weekly by the Fourth Regiment, U. S. Marines).

We of the Fourth Regiment, if we but pause to realize it, are living in China during a tremendously interesting period. The struggle of a nation to find herself, and to evolve an efficient system government, is an adventure that we in this age, are seldom privileged to see. We are occupying box seats for an experiment in government that can best be compared to that made by our forefathers during the period 1783 to 1800, when they struggled against opposition at home and abroad to erect a central government in the United States.

China has just completed the period of military conquest, which corresponds in a measure to our Revolutionary War. She is entering upon the period of political tutelage, a necessary stage in her progress towards constitutional government. During this period her four hundred millions will be educated, and taught how to govern themselves wisely. When China enters upon the period of constitutional government the four political rights of election, recall, initiative and referendum will be vested in the people. Until that time the Kuomintang party will supervise the governing of the nation, and the five power constitution conceived by Dr. Sun Yat-sen, before his death, will form the foundation of the government.

British Paper at Hongkong Discusses "Die Hards"

The Hongkong *Daily Press*, one of the leading papers in the British Colony, in an editorial recently took to task a correspondent who argued that because of conditions that existed at Swatow the editor of said paper was wrong in praising the National government in its efforts towards reconstruction. Among other things, the Hongkong paper stated:

"Our correspondent belongs to the political family of the 'die-hards,' who are fairly closely related to the 'wholehoggers'. These estimable, and in private life often very amiable, people do not pride themselves upon calling a spade, a spade. They would regard such an ordinary procedure as anaemic, as demonstrating in some way a lack of vitality and decision. They refer to that humble instrument in a much more bloodthirsty way. But they are at their best when irritated, particularly by the action of any official or semi-official body which upsets stereotyped business procedure. They do not argue; they would not demean themselves to such an extent. They simply grow red in the face, swirl their arms and declare themselves ready and willing to sweep away the universe.

We do not write 'in a kind hearted way' regarding the policy of the Canton officials because we wish to please the Hongkong Government, or for any reason other than that we sincerely believe they are tackling an incredibly difficult task in a manner which will ultimately prove successful. Moreover, if they are discouraged and resign who will take their place? The present regime are maintaining peace and order. That is of primary importance, and if our correspondent took a trip to Canton now he would probably be amazed at the improvements which have recently been made in the city. Of course, there are black sheep in every fold and we will admit that Swatow, which is nominally under the control of Canton, appears to be suffering from the activities of a number of officials who are determined to raise money and still more money, regardless of the effect their activities may have on the trade of the Port. Swatow represents a very bad patch in the Kwangtung administration and we trust that Canton will take drastic action, if necessary, to curb the rapacity of its officials there, but we do not agree that this bad patch necessary condemns the administration of Kwangtung as a whole."

Officiating "I. G." Must Obey Ministry of Finance

A *Kuo Wen* news agency despatch from Nanking November 4 stated that the Ministry of Finance in a ministerial order to Mr. Edwardes, Officiating Inspector-General of Customs, made it clear that he is immediately responsible to the Director-General of the Customs Administration Department of the Finance Ministry.

The *Shun Pao* (Chinese newspaper) published a paragraph in this connection that the office of the I. G. would soon be removed to the south, the reason being that Peiping is not the capital, and in case of important business, Mr. Edwardes has to run between south and north, which results in waste of time and great inconvenience. One foreigner in the Shanghai Custom House stated that the Office would be removed to Shanghai. However there are so many documents, that it would take a steamer or several cars to bring them south. Dr. Wang in formulating the new tariff treaty with any Power is reported to have decided to model it on the agreement with the American Government.

Signor Casati, of the Revenue Department, has in the meantime been ordered to proceed from Peiping to Shanghai, incidental to transferring said office here.

Dr. C. C. Wu Recommended as Minister to Washington

Dr. C. C. Wu, former Minister for Foreign Affairs of the National Government at Nanking and now special envoy to the United States has been recommended by the Foreign Relations Committee at Nanking as Chinese Minister to the United States. It was also reported that Tai En-sai had been recommended as Minister to Cuba. After his resignation as Foreign Minister last year Dr. Wu made a trip around the world on a diplomatic mission on behalf of the Government and since then has remained in America as special envoy. Whether the recommendation of the Diplomatic Committee will be approved by the National Government, was not stated in the report from Nanking on Nov. 7.

Shanghai's Big Gambling Days!

BY C. Y. W. MENG

In the advertisement column of every Chinese newspaper, there is a big advertisement bearing the following words: "Shanghai's Big Autumn Races"! The details of the advertisement are as follows: "Beginning from Nov. 5-7 inclusive (or Sept. 24-26 inclusive in the Chinese calendar) the races will start at 11:15.a.m. Beginning from Nov. 10 (or Sept. 29 in the Chinese calendar) the races will start at 1 p.m. To members' friends, etc., tickets are sold at $5 each, and to the public at $2 each. Refreshments, etc, are all prepared".

Chinese Custom House also Closes for Gambling!

The Chinese Custom House, which is a Chinese governmental organ, also issued a notification regarding the races, which was advertised in all Chinese newspapers many days before the opening date of the races, Nov. 7. The notifications in English and in Chinese are, however, by no means the same in tone.

The notification in English reads as follows:

"On the 3rd Day of the Races, *i. e.* Wednesday, Nov. 7th, the Custom House will be opened at 9:00 and closed at noon".

The notification in Chinese reads as follows:

Nov. 7th, being the third day of the Autumn Races of the Westerners residing in Shanghai, the Custom House. in accordance with the usual custom, will be open at 9:00 and closed at noon".

Chinese Post Office Also Closes for Gambling!

The Chinese Post Office, which is another Chinese Governmental organ, also issued a notification regarding the races, and which was advertised in all the Chinese newspapers many days before Nov. 7th.

The notification in English reads as follows:

"On Wednesday, Nov. 7th, the Parcel Department of the Post Office will be closed to the public from noon. All other sections of the Post Office will be opened as usual."

The notification in Chinese reads as follows:

"On Nov. 7th *i. e.* Wednesday, as the Custom House will be closed at noon, the Post Office, with exception of the parcel department, which will be closed for half day, will be opened as usual."

In other words, the Custom House closes for half a day for the races on the ground that it is customarily so, and the Post Office merely follows the example of the Custom House, so it closes the parcel department for half-a-day.

Is It Right to Do So?

The closing of the two Chinese governmental organs on account of the races run by foreigners needs a few words of comment. In the first place, the Custom House and the Post Office are purely Chinese governmental organs. Why should they close for half a day just because of the Autuumn Races of the foreigners? There is, it seems to us, absolutely no reason for it. These two organs are always unwilling to grant more holidays. While all the Chinese governmental organs and Chinese public associations all had three day holidays for the celebration of the National Day, as it was ordered by the National Government, the Custom House and the Post Office had only a one-day holiday. While the whole nation had one or two days' holiday for the celebration of the birthday of Dr. Sun Yat-sen, father of the Chinese Republic, the Custom House and Post Office had not a single hour of holiday to enable the Chinese to join the celebration. While there are three days for the Christmas vacation there is only one day for the birthday of Confucius. While there is no holiday for various memorable events, such as National Humiliation Day, etc., there is a half-day holiday for each spring and autumn races. It is a most ridiculous situation!

Such Races are Prohibited by Law!

Secondly, the matter assumes more serious aspect, when we are reminded that the so-called Races—Spring and Autumn—are a form of public gambling prohibited by the Chinese law! Then the question arises why should the Chinese Governmental organs close for a half-day holiday to cater to such an illegal business?

According to Article 27 of the Chinese Criminal Law, all those who make gambling their professional business are punishable by the 3rd to 5th grade of life imprisonment. Article 278 adds that those who gather together people to open a gambling establishment and make such gambling their business are punishable by the 3rd to 5th grade life imprisonment and further liable to a fine of not more than $500. Article 279 further adds that those who distribute lottery tickets are punishable by the 4th grade or below that, of life imprisonment, and liable to a fine of not more than $2,000.

Legally speaking, the so-called Spring or Autumn Races are a form of gambling, for the inducement is that by spending a few dollars there is to be a big return. If by going there, the spectators have some hopes to win a big profit, or to lose everything, such is *defacto* gambling. If the race courses derive their incomes from the races they are *defacto* public gambling institutions. Should we go there merely to see the horses running, there being no hope for gain or chance to lose anything, and no lottery tickets or sweep-stakes issued it would not be gambling, for, in that case it would be of the same nature as a football game. Indeed, it is true that according to the regulations of the International Race Club, the sweep-stakes could be sold only to members of the Club. But in fact, as far as our information goes, these tickets or sweep-stakes are merely sold through the members. Any one can buy the tickets or the sweep-stakes from the members. That is to say the purchase is in fact open to the public. It is then public gambling! Why the Club spends so much money to advertise the races in the Chinese newspapers is because they want to induce the Chinese to come there to gamble. After the gambling orgy of the races is over it is not infrequent to read in Chinese newspapers that many Chinese are declared bankrupt, because they had sold away and pawned every thing they had in order to gamble at the races, or sometimes, the papers report that Chinese have committed suicide, because they had nothing left after gambling at the races.

Shanghai Becomes a Great Gambling Center!

If we turn to the advertisement colmnn, of every paper in Shanghai we first find the big advertisement bearing the heading "Shanghai's Big Autumn Races." Next to that, there comes another big advertisement, bearing the heading "The Shanghai Big Greyhounds Club Champion Night, etc.." That is to say gamblers or those who are by nature fond of gambling, will have all opportunity to satisfy their desire! That is, they can go to the race course in the morning and afternoon. If the Goddess of Fortune is in their favor, they may become millionaires in a few minutes, but when on the contrary, she is against them, as she usually is they will face bankruptcy the next day. In the evening, they will have the same chance by going to the greyhound races. There are three greyhound Clubs in Shanghai.

Such Gambling Should be Suppressed!

We need not further discuss the degenerating effects of such gambling upon the moral life of the people, especially to the Chinese, for the Chinese are, by nature, fond of gambling. They are willing to pawn and sell everything they have for gambling. In China, the Chinese law should be particularly strict in suppressing gambling. The local associations in Tientsin petitioned the Special Municipality of Tientsin that the races be prohibited there and the course be converted into a public recreation ground. This suggestion meets our hearty approval.

The International Race Course, which occupies the center of the Settlement, and which is a good place for recreation, and which is closed to all Chinese at ordinary times, should be converted into the Shanghai Public Recreation Ground and be opened to the public all at times. We further suggest that such gambling should be totally suppressed throughout all China. We further suggest to our Government that the Custom House and Post Office, which are two Chinese governmental organs, in giving holidays, must be instructed to do so according to the schedule promulgated by the National Government and not follow a custom, which is bad, simply because it is an old one.

Shanghai, Nov. 3, 1928.

Chiang Kai-shek Dissatisfied With Army Re-Organization

General Chiang Kai-shek, who returned to Nanking recently after an inspection trip from Wusih, is reported by *Reuters* correspondent at Nanking to be thoroughly dissatisfied with the result of the re-organization of the Nationalist troops. He is reported as having told some of his close associates that, although the various commanders in the Nationalist army had received instructions to disband their undesirable soldiers and to keep only those who had received suitable military training and those who were fit for military service, he found during his inspection trip that most of the troops kept by the commanders were far below expectations.

He instanced the fact that a handful of "Big Swords" had succeeded in capturing a town on the Shanghai-Nanking Railway from more than 1,000 well-equipped soldiers. This incident he felt showed clearly the extent of the demoralization of many of the troops and showed that a complete shaking-up of the nation's army was essential in order to bring the army to its proper standard.

Background of the Nationalist Movement for Tariff Autonomy

BY CHEN PING-TSANG (陳炳章)

THE present nation-wide movement for the immediate accomplishment of China's Tariff Autonomy has again brought the question of China's Tariff to the foreground of Far Eastern and international finance and diplomatic relations. In view of the wide interest and great significance attached to the solution of this question, we present below a brief account of China's loss of tariff autonomy and of her fight for the recovery of this sovereign right, which it is hoped will help to give a proper perspective toward the clear understanding of the issues involved in the present national agitation.

I

China's loss of her complete freedon to levy and fix her customs duties within her own territory dates from 1843. Prior to that year, the customs rate was determined by the Chinese Imperial Government and collected by its customs officials at Canton. The amount of duties levied on imports and exports varied according to the nature of the goods and was subject to alteration from year to year.

Conventional Tariff Imposed Through Opium War

Partly as a complaint against the corrupt practice and inefficiency of the Chinese customs officials and partly as a reprisal for the prohibition of the opium trade by the Chinese Government, Great Britain declared war on China in 1840. Under the pressure of force, China was driven to accept a customs rate based upon a uniform 5 per cent *ad valorem*, both for imports and exports, as part of the Nanking Treaty ratified at Hongkong on June 20, 1843, which thus marked the beginning of the history of China's present tariff system. In return for this concession China received nothing from Great Britain. The absence of reciprocity in the treaty arrangement shows clearly that this provision was simply a kind of war settlement.

The matter was made worse by the fact that Great Britain's insistence upon this one-sided arrangement made it inevitable to grant the same concession to other Powers. For immediately upon the heels of Great Britain, other Powers stepped in and made China include a "most-favored-nation" clause in their treaties with her. Consequently, the uniform 5 per cent tariff was applied to American and French goods in 1844 and gradually to goods from other countries, so that at present practically all states which have commercial treaties with China have obtained this privilege from her. Thus, through her defeat in the iniquitous Opium War China was compelled to surrender her tariff autonomy to Great Britain, and in order to maintain impartiality toward other nations she has been forced to increase the bond and shackle imposed upon her by the first arrangement.

"Transit Dues" Fixed

Serious as is the restriction of this one-sided treaty obligation on China's sovereign right of fixing her maritime customs rates, the field of disability does not stop there; it extends further to internal customs in the form of "transit dues". By Article X of the Nanking Treaty, China was also obliged to exempt British goods from all internal dues en route when British subjects have once paid a light duty, at the spot where such goods were ready to move for a definite destination within Chinese territories. Thus, not only was China deprived of her right to fix the tariff for foreign trade, but even her sovereign right regarding internal taxation was to a considerable extent curtailed by the British policy of coercion. In subsequent treaties between 1843 and 1875, China was made to extend the obligation to other Powers.

That this arrangement is preferential in nature and unjust in effect is obvious from the fact that special privileges and immunities were given to foreign merchants but denied to Chinese. In practice, native traders have to pay dues called "likin" for their merchandise when it passes from one customs district to another in the country, whereas foreign traders may convey their merchandise to any province or city within Chinese territory by paying only a slight "transit due" of 2½ per cent. *ad valorem*. In other words, by treaty the Chinese authorities are compelled to penalize native traders in comparison with foreign traders, since the "likin" payable by the former is invariably higher than the "transit due" paid by the latter.

Land Frontier Rates Restricted

Nor is this all. The restriction on China in the fixing of tariff rates is applied not only to maritime customs but also to the frontier customs on land. Following the example of other Powers, Russia which had a regular commerce by land with China, extracted for the first time from her a scheduled tariff embodied in the commercial treaty of 1862. The peculiar point of the privilege granted to Russia is that the customs rate for Russian trade was reduced to two-thirds of the general tariff, *i. e.* to about 3½ per cent. *ad valorem*. By a later treaty it was agreed that while this was a special arrangement between China and Russia, not only Russian but all foreign merchandise shipped to China over the Chinese Eastern Railway should enjoy the same treatment.

This special land frontier system, first instituted in favor of Russia, was toward the end of the nineteenth century extended to France and England in their colonial possessions in the southwestern border of China and finally to Japan after the annexation of Korea by the latter. The French, by trade agreements with China in 1887 and 1895, and the British, by the Anglo-Chinese Convention of 1894, induced the Chinese Government to reduce the frontier duty to seven-tenths of the maritime customs rate for their imports and exports respectively, when they pass by land from or to Indo-China. Finally, after the Russo-Japanese War in 1905, Japan also made a special arrangement with China whereby she secured a reduction in customs dues on goods imported into Manchuria from or through Korea and exported from Manchuria to or through Korea by rail via Antung. On dutiable goods leaving Manchuria by rail for places beyond that point, only a two-thirds customs rate is charged. The "transit dues" on these goods are one-half of the customs charges, that is, one-half of the two-thirds normal rate. Goods from Manchuria for local comsumption in Hsin Wiji or which within two years are carried by rail beyond that point pay the full rate but obtain a rebate of one-third. In a word, the land frontier customs became not only fixed by treaty as is the maritime customs but fixed at a rate even lower than 5 per cent.

Supervision of Customs Administration Lost During Taiping Rebellion

While China first lost her right of fixing customs rates through war, she lost her right of controlling the customs administration during peace. The beginning of the foreign administrative supervision of the customs dates back to the time of the Taiping Rebellion. In September, 1853, when the city of Shanghai was captured by the Taiping rebels, the Chinese customs was closed and there were no offices to collect customs duties. In order to meet the emergency, the foreign consuls collected the duties until June, 1854, when an agreement was entered into with the British, American and French consuls for the establishment of a foreign board of inspectors. This board continued in office until 1858, when a tariff commission met and agreed to rules of trade, of which Article X provided that a high officer should be appointed by the Chinese Government to superintend the foreign trade, and that this officer might select any British subject whom he might see fit to aid him in the administration of the customs revenue, and in a number of other matters connected with commerce and navigation. According to the Agreement of 1906, the Inspector-General of the Chinese customs is always a British subject as long as British trade exceeds that of any other state. This official directs the customs house in all treaty ports and also appoints the personnel. The Chief Commissioner of the Customs House in each treaty port is also usually a foreigner. In 1914, just as the Great War was breaking, there were 1,357 foreigners in the Chinese customs service representing 20 nationalities among a total of 7,441 employees.

It must be said in fairness that under the able leadership of men like Sir Robert Hart the Chinese customs administration has been on the whole efficient and satisfactory. At the Washington Conference, the Chinese Government voluntarily declared that it had "no intention to effect any change which may disturb the present administration of the Chinese maritime customs."

Such a declaration, however, "could not be reasonably construed to preclude China's legitimate aspirations gradually to make this important branch of the Chinese Government more national in character." For, though the present system of administration has been in existence for some seventy years, very few Chinese have been trained by that service for administrative responsibilities. For instance, out of the forty-seven commissioners of customs, distributed among the treaty ports, there is not a single post occupied by a Chinese at present. The fact is that practically all of the important offices are monopolized by foreigners. As a result, there is a strong feeling among the Chinese people that more Chinese should be appointed to responsible posts in the service. Lately many Chinese organizations including the Shanghai Chamber of Commerce even petitioned the government that a Chinese be made the Inspector-General.

Control of Customs Revenues Lost in 1911

Finally, reference must be made to the loss of the control of customs revenues. When in 1911 the Revolution interrupted the repayment of certain foreign loans, the foreign Diplomatic Corps demanded, on the pretext of safeguarding these loans, that thereafter all customs revenues should be deposited with the Inspector-General (British) of the customs, who shall have charge of the appropriation of these funds for

the service of foreign loans. This arrangement, conceded by the tottering Manchu Government, has persisted thruout the seventeen years of the Republic altho it was originally intended to be a temporary measure. To-day the Inspector-General withholds from the customs sufficient receipts to meet the principal and interest payments of foreign loans, and the Chinese Government gets only whatever is left over. Besides, all the customs revenues are deposited in foreign banks. With this last restriction, the loss of China's tariff autonomy became complete.

II

The injustice of the treaty restriction on China, however, cannot be fully appreciated unless the fact is remembered that since 1843, during a period of over three quarters of a century, only four revisions have been made of the conventional tariff, including one which was requested by the Treaty Powers in order to promote their own commercial interests.

Revision of 1858 Favorable to the Powers

The first revision took place in 1858. Toward that year, prices began to drop and the 5 per cent customs duties collected appeared consequently to be in excess of the 5 per cent prescribed. To protect their own commercial interests, the Treaty Powers asked for a revision of the tariff. This was effected in 1858 by the Treaty of Tientsin. From that time until 1902, however, though prices mounted and the Chinese Government had been receiving less than the 5 per cent. rate, no request was made on the part of the Treaty Powers for a revision. If the Chinese Government did not at that time press for a revision, it must be because the needs of the Government were then comparatively few and the revenues collected, small as they were, were adequate to meet its needs.

Revision of 1902 was for Meeting Foreign Indemnities

It was not until 1902 that another revision was made. In that year, China's financial condition was rendered still more deplorable by the Boxer troubles. She was forced to pay the largest indemnity ever exacted up to that time. But at the moment she had a considerable deficit in her budget, due largely to the allocation of about a quarter of the existing revenues to the liquidation of debts already incurred, and it was hardly possible for her in her existing state of credit to pay off the indemnity of over sixty millions in a lump sum. In order to enable the Chinese Government to meet the newly imposed obligations arising out of the protocol of 1901 without involving her in immediate bankruptcy, therefore, the Powers resorted to the revision of her customs tariff. Some of the Powers, notably Russia and Germany, were willing to raise the customs duty to 10 per cent. effective; but to this the British strongly objected, owing to the preponderance of their trade in China. Finally, the customs duty was raised to an effective 5 per cent, while the balance of the customs was pledged as security of the indemnity accepted.

The revision, however, could not be expected to yield satisfactory results. In the first place, it was restricted by the treaty to the alteration of the tariff only so far as to bring it up and down, as the case might be, to a 5 per cent. level. Furthermore, the new schedule was based on the average prices of 1897-1899, and not on the actually prevailing prices which were higher, with the result that as prices continued to rise rapidly, the actual duty collected soon fell to only 2½ per cent as compared with the market value of the imports. Finally, the revision applied only to imports and to the "duty free list;" no revision was made for the export tariff. As a consequence, the revenues collected according to the new tariff were far below what China was entitled to receive and were hardly sufficient to meet the obligations of the indemnity.

Repeated Attempts at Revision Failed due to Impossibility of Obtaining Powers' Unanimous Consent

In 1912, as the Commercial Treaty (1902) between China and Great Britain provides for a further revision of the import tariff after ten years, and in view of the general rise in values of various kinds of merchandise, the Chinese Government made an attempt to effect a revision of the tariff. It proved to be a failure as the unanimous consent of some sixteen or seventeen Treaty Powers could not be secured. After the Chinese Republic received the formal recognition of the Powers in 1913, the Chinese Government again signified its wish to revise the tariff. But the proposal was blocked by Italy, Russia and Japan, any single one of whom would have been sufficient to upset the general consent given by other Powers. In 1914, the European War broke out, prices soared, and the duty collected by the Chinese customs dropped tremendously. Never was the injustice of the operation of the tariff more conspicuous!

Third Revision of 1918 was Result of China's Joining the Allied Powers

By 1917 the European War had reached a crisis, and the Allied Powers, in order to induce China to join them, consented among other things to the revision of the tariff. Later the Neutral Powers also gave their consent. So, in 1918, after many years of protracted negotiation, the third revision was effected. But then again, the revision was restricted to raising the duty to an effective 5 per cent *ad valorem*. Besides, it was based on the average prices of 1912-1916, so that the resulting tariff, which continued until 1923, yielded only 3½ per cent in comparison with the prices of commodities actually prevailing. When the Paris Conference was convened after the World War, China saw in it an opportunity to press for an increase of her tariff. But, as is well known, China's request before the conference was simply not considered. Her hope to receive justice from her Allies was blasted.

Last Revision of 1922 Brought Customs Duty to 5% Effective

Despite such disillusionment and disappointment, China renewed her attempt at the Washington Conference in 1921, one of the chief purposes of which was to settle problems relating to China. Again her attempt met with failure. China was allowed only to have her tariff duty brought up to an effective 5 per cent *ad valorem*; her demand for tariff autonomy was ignored on the ground of her lack of a strong and stable government. In accordance with the Washington Treaty, a commission met in Shanghai in March, 1922; the customs duties were revised on the basis of the Shanghai market values for the preceding six months; and the new tariff went into effect in January, 1923. This was the fourth and the last revision. Subsequently a special tariff conference was held at Peking in the winter of 1925 and 1926, but no concrete result whatsoever was arrived at.

III

What passed at the Washington Conference and the Peking Tariff Conference are of sufficient importance to deserve more than passing interest.

The Powers having promised, by Article II of the "Root Principles," to provide the fullest and most unembarrassed opportunity to China to develop and maintain for herself an effective and stable government," it was with some degree of confidence that the Chinese Delegation brought forward its first practical suggestion for carrying out this resolution: restoration to China of her tariff autonomy. In its statement to the conference, the Chinese Delegation made it clear that the Chinese Government did not propose to interfere with the existing administration of the maritime customs in China nor with the devotion of the customs revenue to the liquidation of foreign loans secured thereon. Two things, however, it did ask for: (1) That "the right to fix and differentiate the tariff rates" be restored to China after the lapse of a certain period of time, in return for which it promised to abolish the likin; and (2) that, pending the negotiation for fixing a maximum rate and as an immediate measure of relief, the Chinese import tariff be raised to 12½ per cent effective, a rate mentioned in the Chinese treaties of 1902 and 1903 with Great Britain, the United States and Japan.

Compromise Plan of the Washington Conference

This request was referred to a Sub-committee on Chinese Fiscal Affairs, headed by Senator Oscar Underwood. In the debates of this committee, it was reported that the United States was willing to grant China the 12½ per cent. increase in duties at once, that Great Britain would grant 7½ per cent, but that Japan was willing only to bring the Chinese tariff up to 5 per cent. effective. Whoever the objecting Powers were, they succeeded in defeating the most important request which China made at the conference. Instead, a compromise plan was reported on January 5, 1922, and later embodied in the Customs Treaty of February 6, 1922. Article I of this treaty provided for the revision of the Chinese tariff in 1922, which has been referred to above. Articles II, III and VI which formed the legal basis of the 1925-26 Customs Conference at Peking, contained in substance the following provisions:

Art. II. Within three months after the coming into force of the treaty, a special conference shall meet in China to "take immediate steps. . . . . to prepare the way" for the abolition of the likin tax and for the fulfilment of other conditions laid down in the treaties of 1902 and 1903 between China and Great Britain, the United States and Japan, with a view to raising the tariff to 12½ per cent effective in accordance with those treaties.

Art. III. The special conference shall authorize the levying of a surtax prior to the abolition of the likin "as from such date for such purposes, and subject to such conditions as it may determine." "The surtax shall be at a uniform rate of 2½% per cent *ad valorem*, provided that in case of certain articles of luxury which, in the opinion of the special conference, can bear a greater increase without unduly impeding trade, the total surtax may be increased but not exceed 5 per cent *ad valorem*."

Art. VI. "The principle of uniformity in the rates of customs duties levied at all the land and maritime frontiers of China is hereby recognized. The special conference to. . . . shall make arrangements to give practical effect to this principle."

This Nine-Power Customs Treaty, negotiated in February, 1922, was not ratified by France until October 1925, owing to the Gold-Franc Controversy with China, which served to show one of the many ways by which, because of the vague wording of the treaty, even the permanent increases of the Chinese tariff which it promised might be prevented. As a result, the Special Tariff Conference provided for by the Treaty, was not called until October 25, 1925. On November 19, the Conference unanimously adopted the following Resolution on the subjects of tariff autonomy and likin abolition:

"The Delegates of the Powers assembled at this Conference resolved to adopt the following proposed article relating to tariff autonomy with a view to incorporating it, together with other matters, to by hereafter agreed upon, in a treaty which is to be signed at this Conference:

"The Contracting Powers other than China hereby recognize China's right to enjoy tariff autonomy; agree to remove the tariff restrictions which are contained in existing treaties between themselves respectively and China; and consent to the going into effect of the Chinese National Tariff Law on January 1st, 1929.

"The Government of the Republic of China declares that likin shall be abolished simultaneously with the enforcement of the Chinese National Tariff Law; and further declares that the abolition of likin shall be effectively carried out by the First day of the First Month of the Eighteenth Year of the Republic of China (January 1st, 1929)."

Failure of the Peking Tariff Conference

The interest of the Chinese Delegation at the Conference was, however, centred at the time on pushing through a scheme for the transitional period surtax, ranging from 30% to 7½%, in order to raise 90 million dollars per annum for the funding of the inadequately secured foreign and domestic debts, abolition of likin, expenses of the Central Government, and the carrying out of constructive undertakings, and it desired the Powers to agree to the foregoing scheme before enforcing the Washington surtax. The Powers, however, were willing only to effect the immediate levy of the surtaxes provided in the Nine-Power Treaty. After protracted but unsuccessful parleys under changing circumstances, the Chinese Delegation announced in April, 1926, that the Chinese Government was seriously thinking of starting forthwith the collection of the 2½% surtax. Certain Powers objected and, in the end, due partly to political uncertainties in China and partly to disagreement among the Powers, the Conference adjourned without China's even securing the promised 2½% surtax. Moreover, the contemplated treaty was never finally drafted, much less signed, and the article quoted above turned out to be merely another one of those sweet promises of the Powers devoid of any force of agreement.

Levy of 2½% Surtax a Fait Accompli

The Special Tariff Conference at Peking having adjourned without producing any concrete result, it remained for the Canton Government to break the ice of deadlock. In October, 1926, the Nationalist Government at Canton began to levy a surtax of 2½% on all articles of import and 5% on luxuries. This was done without reference to the Washington Treaty. As expected, the Powers protested against this imposition, but the determination of the Canton Government prevailed. The example was followed by the local authorities in Shanghai two months later, and since then by Hankow and all other ports. Thus China came to levy by force the surtax which she had failed to do by agreement; and whereas an early agreement between the Powers would have enabled the proceeds thereof to be used as a sinking fund for certain urgent foreign obligations, the proceeds of the "forced levy" were wholly retained by the local authorities. It is estimated that this surtax yields approximately $30,000,000 per annum.

IV

Mention might be made in passing that about the middle of January 1927 the former Peking Government issued mandates ordaining the enforcement of the National Tariff Law on January 1, 1929, and the collection of the 2½% surtax from April 1, 1927, in the meanwhile. Sir Francis Aglen, then Inspector-General of the Maritime Customs, was in Hankow at the time. Upon receipt of the Government's instructions to take charge of the collection of the surtax, he refused on the ground that the Customs service was not in a position to take charge of such collection in face of Japanese opposition. The Government ordered his return, but as he did not immediately return Mr. A. H. F. Edwardes, the Chief Secretary who had officiated for same time as Inspector-General, was appointed to take his place. Sir Francis Aglen was given one year's furlough and left in April.

Question of Inspectorship

It seemed Sir Francis Aglen was apprehensive that upon the collection of the surtax by the Maritime Customs, the Nationalist Government at Canton, when in control of Shanghai and the other rich ports under its jurisdiction in South and Central China, might retaliate and disintegrate the service by appointing its own Inspector-General and Customs Commissioners. Subsequent events, however, proved that this apprehension was not well founded. Since the capture of Peiping, there had been considerable agitation among the Chinese people for the appointment of a Chinese as the Inspector-General as well as opposition against the continuing in office of Mr. Edwardes. All this, however, was temporarily settled when the Nationalist Government formally appointed Mr. Edwardes the Officiating Inspector-General in the beginning of October.

Abortive Attempt of Nationalist Government to Effect Tariff Autonomy

On July 20, 1927, the Nationalist Goverenment startled the world by announcing that beginning September 1, 1927, the Goverment would, asserting China's right to tariff autonomy, put into force a provisional Customs import tariff simultaneously with the abolition of likin and other internal transit duties, in the six provinces of Kiangsu, Chekiang, Anhui, Fukien, Kwangtung and Kwangsi, to be extended to other provinces subsequently. Under the Provisional Law proclaimed, the Nationalist Government would collect, besides the existing 5% duty, an additional 7½% duty on ordinary goods; for luxuries, an additional duty of 15 or 25 per cent. according to classification; and for alcoholic liquors and tobacco products, an additional duty of 57½%.

Had these highly desirable and imperative fiscal measures been enforced, the Nationalist Government would have accomplished at one stroke what innumerable conferences and negotiations between successive governments in the past had failed to do. Unfortunately, however, these measures proved abortive; the Nationalist Government was engaged in its internal struggle between the Nanking and Wu-han groups, while Peking and a considerable part of the country was still in the hands of the Northern Government recognized then by the Powers as the government of the Chinese Republic.

Renewed Attempt Following Unification.

There the matter of tariff autonomy rested until the fall of Peiping and the unification of the country under Nationalist control gave it a fresh impetus and increased significance a few months ago. The recovery of tariff autonomy being considered the primary step in the restoration of China's sovereign rights, the Nationalist Government has, under the leadership of Messrs. T. V. Soong and C. T. Wang, Ministers of Finance and Foreign Affairs respectively, been making determined and well-planned efforts to enforce at least a new interim tariff schedule if not complete tariff autonomy on January 1, 1929, the date first declared by the 1925-26 Tariff Conference for the restoration to China of her Tariff Autonomy.

No appeal need be made now for the restoration of China's tariff autonomy. That the Conventional Tariff infringes on China's sovereignty, deprives China of her power to make reciprocity arrangements with the Treaty Powers, hinders China's export trade and economic development, inflicts great injustice and inequality on the Chinese tax-payers, causes a serious loss of revenue to the Chinese Government, and works unjustly to China's detriment due to the difficulties in revision —all these are facts generally acknowledged.

Great Britain and U. S. A. Favorable.

With the unification of the country under Nationalist Government, the argument that restoration of China's tariff autonomy cannot be effected until a unified government has been achieved, can no longer be held. On December 18, 1926, in its memorandum to the Powers, the British Government expressed the view without any reference to likin, that the Powers "should declare their readiness to recognize her (China's) right to the enjoyment of tariff autonomy as soon as she herself has settled and promulgated a new national tariff." Later, on January 29, 1927, Sir Austen Chamberlain said at Birmingham that his Majesty's Government were prepared to make British subjects liable to pay taxation "levied under a national tariff as and when such tariff law is promulgated." Likewise, on July 25 this year, the American Government actually made a new treaty with China in which it explicitly recognized the "principle of complete national tariff autonomy for China."

Will Tanakaism Yeild to Chinese Nationalism?

It is sufficiently clear that all other Treaty Powers, with the exception of one, are ready to follow the example of Great Britian and the United States. The only development unfavorable to Chinese aspirations has been the policy of Japan, the most recent formulation of which was a Note to the Nanking Government dated July 31, wherein Japan declared herself "wholly unable to acquiesce" in any supersession of existing treaty arrangements by unilateral regulations. Will history repeat itself or will Japanese Tanakaism yield to Chinese Nationalism?

President Chiang Kai-shek Discusses China's Pressing Problems!

BY HENRY F. MISSELWITZ

(For the New York Times Magazine)

"I consider the two greatest problems facing China today to be the demobolization of our vast armies and the beginning of the rebuilding of our nation. Although the revolution is ended, we still have hundreds of thousands of men under arms in all sections of the country. I suppose our armies, totaled up, would show we have nearly a million and a half men whose sole livelihood is and has been for years the sword.

"A plan whereby the armies may be quickly reduced without disturbing the economic balance of our nation, without, that is to say, creating a dangerous unemployment problem which might be nearly as bad as so great an armed force, is being worked out by a committee of experts appointed by the National Government. I shall do everything to try to see their program succeeds."

The speaker was General Chiang Kai-shek, first President of the Nanking National Government of China. They no longer call it the "Nationalist" government—it is officially now the National Government of China. No reason was given for the change in the official announcement recently. But the Chinese in official circles feel somehow that the term "nationalist" was not comprehensive enough—that it denoted only a party. The government, therefore, now is the National Government.

The General was seated in the pleasant study of his picturesque *yamen*, or headquarters and home, in Nanking. He wore the usual Sun Yat-sen uniform, a semi-military suit of olive drab, collar buttoned close up around the neck. The trousers, however, are not military, but are like the civilian garment. Black silk hose and a pair of comfortable patent leather pumps completed his dress.

A Contrast in Costume

It was difficult to refrain from comparing the meticulous appearance of the President with that of his newly appointed Minister for War, the Marshal Feng Yu-hsiang, a hardy disciplinarian from the interior who rarely, if ever, "dresses up," and who has his troops learn trades and make their own uniforms. The Marshal is a giant of a man, more often unshaved than otherwise, who wears the same ill-fitting uniform his men wear. The President is a small man, slight in stature and not more than 5 feet 6 inches tall. He is well set up, however, a sturdy figure, every inch a soldier and with a firm air that makes one believe his 135 pounds are hard as nails.

General Chiang Kai-shek, commander-in-chief of the victorious Nationalist armies in the revolution against the old Peking regime and the war on self-centered warlords, as President of the new Government is facing another task as difficult, or more so, than when he started North at Canton in the late Spring of 1926 on the Northern expedition.

He frequently expressed a desire during the past year or so to retire from the military leadership of the Kuomintang, or Revolutionary Party, and enter politics as a civilian. It will be recalled that he resigned his post as head of the army twice, only to be recalled to service. Now he has his chance as civilian head of the Government to try his hand at leading his people in peace.

The President believes that China's problems lie at home—that the seat of the nation's evils is within and not so much without. He often has remarked that once China ceases her interminable internecine warfare and becomes a peaceful nation, the problems relating to international affairs will settle themselves. Thus, he is turning his first attention at the end of (or perhaps during a lull in) the military phase of the revolution toward domestic affairs.

Photo by C. H. Wong Studio, p528 Nanking Road, Shanghai

Gen. Chiang Kai-shek, Formerly Commander-in-Chief of the Nationalist Armies and Now Chairman of the Government State Council.

Chief Interest is on Domestic Problems

Not that he is not well informed on China's foreign relations. He is, and he is ardently in support of the program of his Government calling for revision of the so-called unequal treaties. He believes in tariff autonomy for China, and a protective tariff that will permit Chinese industries to flourish. But his chief attention is centered on domestic problems, and two of the greatest of these, as he sees it, are reducing the

army and proceeding with the almost unlimited task of reconstruction—or construction, for much is to be built that never was built in China prior to the present.

"Demobolizing literally hundreds of thousands of men now under arms is a serious problem." General Chiang continued. "In the first place, there is what you might call the bonus question. We must pay each man when demobolized an amount sufficient to prevent his becoming a public charge as soon as he becomes a civilian.

"He must be given transportation to his native place and a little money to tide him over until he gets work. Even though the individual amounts of the bonus be small, the total is enormous. It will take funds, immediate cash. A plan to finance the bonus must be found. That is one side of the question.

"The other is unemployment. Our soldiers have been fighting, many of them, almost all their lives. The revolution began in 1911, or 17 years ago, and many of these men have been through it all. They are not fit to go back to civilian life. I believe we will permit them to remain in the army if they so desire.

"But there are a million or so others. If they are turned loose and cannot find work, they will turn naturally to banditry. We are trying now to suppress banditry in those provinces where it continues to be rife. But our efforts would be in vain if hundreds of thousands of ex-soldiers, unable to find employment, joined their ranks. We must find work for them, and at once."

Program of Reconstruction

This led to General Chiang's second consideration, the reconstruction of China. A broad program has been outlined by the authorities in the Government directly concerned with directing the reconstruction era, a program that boldly calls for the expenditure of scores of millions of dollars. Sun Fo, Minister of Railways and director of the Bureau of Reconstruction, heads the officials mapping out the projects to be started as soon as the Government approves and the financing of his schemes is arranged.

"The reconstruction era has begun," General Chiang said. "I sincerely hope and believe the fighting is ended. Our party is united and we are one in our desire to preserve peace. There should be no serious split.

"Projects which have been presented to the Government, such as the construction of railways, roads, irrigation wells and dams, bridges and the city planning of Nanking and other large cities eventually will offer work to every demobolized soldier. The projects are practical, but they will cost money, and to finance them is another problem."

Here General Chiang intimated the National Government shortly may be expected to propose foreign loans. The present debts of China, incurred by various Peking governments, are to be paid. There is to be no cancellation of these obligations, and the Chinese have repeatedly declared they would not follow the example of the Soviet. Minister of Finance T. V. Soong and his fellow Ministers realize confidence abroad is the only salvation of the new Government, and they realize that by debt abrogation they would gain nothing and lose much.

"We shall invite foreign capital to flow to China, and we already are looking to America," the President said. "We have retained several American advisors and anticipate the necessity of retaining others."

The advisors who already have been named and who, I am told, have accepted their commissions include Prof. Edwin W. Kemmerer, of Princeton University, noted economist who is to assist Minister Soong in reforming and unifying China's currency system; Henry K. Murphy, well known New York architect; and Ernest Payson Goodrich, New York consulting engineer.

Making a Modern Capital

Mr. Murphy is to act as consulting architect, according to the Chinese, in connection with the reconstruction of Nanking into a modern capital. He has been in China off and on for a number of years, having designed several missionary schools and colleges in various parts of the country and office buildings in Shanghai and elsewhere. Mr. Goodrich is to draft plans and supervise the construction of a deep water harbor with docking facilities for ocean liners at Canton.

President Chiang, as usual, commented little on the Japanese. He feels, as do most of the Chinese, that the Japanese have been in the wrong in Shantung and Manchuria, and is ill inclined to forgive or forget what he describes as their frequent insults to the Chinese people and infringements on the national sovereignty of China. But he also feels it is impolitic to talk for publication at this juncture on the subject of Sino-Japanese relations. The National Government is trying to open negotiations at this writing with Toyko on treaty revision and other outstanding differences, and the President declined to comment.

He did say emphatically, however, that Manchuria soon would announce its adherence to the Nanking Government, and declared the young Marshal, Chang Hsueh-liang, head of the Mukden government, was a strong supporter of the Kuomintang.

"We will not have any trouble with Mukden," General Chiang said. "Marshal Chang Hsueh-liang has accepted his appointment on the National Government State Council, and Manchuria soon again will take her rightful place as an integral part of China."

The President, incidentally, was the butt of deep criticism over his insistence that Marshal Chang Hsueh-liang be offered a seat on the newly organized State Council, the highest governmental body in the new Nanking system. There are those who declare his attitude nearly cost him his job.

But he was firm in his belief this was the only manner in which to make the Mukden clique believe in Nanking's sincerity in offering Manchuria an absolutely equal share in the National Government. His policy of peaceful penetration in Manchuria long has drawn the fire of his political enemies in Nanking, but General Chiang has stood by his guns through the whole storm.

The "Ningpo Napoleon"

They sometimes call him the "Ningpo Napoleon." He is from the Ningpo district, in Chekiang province, south of Shanghai; and he has something of a Napoleonic bearing in his sturdy stature. The term, generally, is used in derogation, however, to indicate the President's alleged desire to make himself Dictator of China. Used to indicate his determination, his "bull headedness", as some who have run against it define this side of his nature, the term "Ningpo Napoleon" is correct. He had rather resign than give in when he is convinced the opposition is wrong.

There is reason to believe that is partly back of why General Chiang quit just after the capture of Peking last June. It is said Marshal Feng, the so-called "Christian General," and General Pai Chung-hsi, field commander of the Nationalist armies at the front, were all for pushing on into Manchuria and forcing Mukden to capitulate. They had the enemy on the run and saw no reason to let a Japanese threat stop them.

General Chiang opposed the Manchurian campaign and, it is said, when his generals plotted to go over his head and proceed, he resigned. He returned almost immediately, Feng and Pai, according to this account, giving in and calling off what most certainly would have been a fatal campaign.

The sound sense behind the decision against carrying the war into Manchuria is only too obvious. The Japanese had openly declared they would not allow the war to pervade the Three Eastern Provinces at any cost. If the Nationalists had thrown caution to the winds and rushed through Shanhaikwan into Fengtien province, Japan would have sent an army into South Manchuria and stopped them.

There has been some criticism abroad of Japan's attitude in Manchuria. But Japan, be it said, has much on the credit side of the ledger. And, while it cannot be proved now, there seems to be every reason to believe had the South invaded Manchuria, where Japan has kept the peace for a quarter of a century, world opinion would have surely staunchly supported Japan in her stoppage of the fighting. It is true that Marshal Feng and General Pai could possibly have sent a quarter of a million men into Manchuria; but it is also true that Japan to-day could defeat China at war.

The Manchurian Problem

The result would have been fatal to the cause of the Nationalists. They would have lost countless men in the futile struggle, spent vast sums of money on a hopeless campaign and, in all probability, bankrupt and at loggerheads among themselves, gone to pieces. And Manchuria, or at least that part of it controlled by the Japanese, would, without question, observers believe, become a Japanese protectorate in fact. There could have been little opposition abroad to such a move by Tokyo under the circumstances favored, according to all reports, by Marshal Feng and General Pai.

In opposing this campaign, General Chiang made one of the wisest decisions in his career. He is regarded by some who have come from abroad and met him as an infant in political science and the economics behind a revolution. Yet a brief glance at his career in very recent years proves otherwise. His stand on this point alone, as well as his ignoring the Japanese at Tsinan-fu last May and attacking Peking from the other side without a war with Japan, indicate the practical far-seeing military strategist as well as shrewd politician.

Manchuria, he feels, will soon fly the Nationalist flag. The sympathy in the Three Eastern Provinces is all in favor of joining with Nanking at once. In any case, the move eventually appears certain. General Chiang is gaining his end, the peaceful adherence of Manchuria to the Republic. It

is doubtful that it ever could have been attained other than the manner in which he did it.

Marshal Feng was among those who most bitterly criticized the President for insisting that the young Marshal, Chang Hsueh-liang, be made a member of the State Council. He has declared he never can shake hands with a Fengtien man. He has fought the old Marshal, the late Chang Tso-lin, off and on for more than 10 years, and an old hatred is difficult to cast off. But he again acceded to the political sagacity of General Chiang, and agreed to the appointment.

General Chiang appointed Marshal Chang of Mukden to a seat on the Council not because of the man or his past wars, but because he happens at this moment to be the head of the government of an area that is vital to the entire unity of China. Others felt it was all right to invite the young Mukden leader into the Kuomintang, but that he should have been given a smaller post.

Gen. Chiang's Rise to Fame

It was General Chiang's point that this would have been bad politics; that Manchuria has indicated a desire to throw its lot with the new China, and that therefore the head of their regional government, whoever he may be, should now and always be a member of the Nanking State Council. The logic again is apparent, and it is significant to note the young Marshal is a member of that Council.

The story of the life of Chiang Kai-shek reads like an Alger novel. He was born the son of a not wealthy wine merchant in the villege of Chi-ko, Fenghwa district, Chekiang province, China, in 1888. He is 40 years old, one of the youngest men in the high circles of the National Government. Head of his country at 40 is the achievement of this man, student, soldier, professor of military science and tactics, bank clerk and bond broker in Shanghai, secretary to the late Dr. Sun Yat-sen, founder of the Kuomintang, subsequently Dr. Sun's chief-of-staff, commander-in-chief of the Nationalist Armies, President of the Nanking National Government.

In 1906, as a lad of 18 he, with 40 other Chekiang youths, was sent to the Paoting Military School, where the records show he made high marks as a student of infantry movements. A year later, General Chiang was sent to Japan to study in the Tokyo Military College, where he remained four years.

He returned to China when the revolution began in 1911 and became a commander in the 83rd brigade, a band of several thousand men said to have been recruited largely from loafers and riff-raff in Shanghai. In 1913, during the second revolution, he joined the late Dr. Sun Yat-sen as a secretary. His activities from then until 1920 were chiefly concerned with the Kuomintang, its organization and the plot against the North.

General Chiang became a banker in Shanghai in 1920, becoming a junior clerk in the Chartered Stock Exchange for a few months. In 1922, he went to Canton as Chief-of-Staff to Sun Yat-sen. He went to Russia in November of that year as Dr. Sun's representative and studied the military system.

In 1923, he was appointed head of the then newly organized Whampoa Cadet School in Kwantung, and many of his officers today are graduates of that school. He commanded a force against General Chen Chiung-ming, a reactionary Kuomintang leader, a year or so later, and in 1924-25 commanded successful expeditions in the East River area, west of Canton. All the time he was consolidating his position as the chief Kuomintang military leader. On October 14, 1925 he stormed and captured the supposedly impregnable city of Weichow and then cleaned up Swatow and Chaochow of all opposition, finally clearing Canton of enemy troops.

General Chiang was assisted by the Russian advisors brought to Canton by Dr. Sun, in organizing the Whampoa Cadet School, but subsequently broke with them and since has severed all connections with the Soviet. He was named commander-in-chief of the Nationalist Northern Expedition in the Spring of 1926, and a year later his armies had captured everything South of the Yangtze River, including Wuhan, Nanking and Shanghai.

General Chiang broke with Michael Borodin, the Soviet High Advisor, early in 1927, and the split became generally known in April, when the General denounced Borodin and the Communists in the Kuomintang and set up his own Nationalist Government at Nanking. He continued as commander-in-chief of the armies and as President of the National Government continues as commander-in-chief of the army, navy and air force, although Marshal Feng has been named Minister for Military Affairs.

Nanking, Nov. 2, 1928.

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The Old Thoughts And New Thoughts In China

BY WU TAO-TSWEN

There is no denying the fact a New China, a Living China, has already appeared in the world. Indeed things have been greatly changed in this country. We often hear it said China today is not China yesterday. But nevertheless, China is still in a transitional period, and in this time thoughts are very conflicting among the Chinese. The man of the Old School favors things only old, while that of the New School favors things only new. In present-day China, the old man does not like to talk with the young and vice versa, because the one cannot agree with the other. It is interesting to know how their thoughts are different in the following paragraphs.

Confucius in the Eyes of the Old and the Young

The old Chinese worships Confucius and considers Confucius to be the greatest man. He believes there is not a man, dead or living, in the East or in the West, who can be compared with this sage. He accepts everything Confucius said. In his talking, we often hear him quote sayings of the "Four Books" by the "Teacher of All Ages."

But the young Chinese holds another point of view. He admits that Confucius was once a great man, but is not now. He is not to be worshipped in modern China because what he said is not suitable to the Chinese in the present. The greatest men in his mind are those of the West. When the name of Confucius is mentioned, he shakes his head.

Filial Piety

Filial piety has been said to be one of the distinguishing features of the Chinese. Now foreigners in this country are surprised to see that the sons are the yes-men of the parents. Although the old Chinese still possesses this feature, obeys his parents blindly, and does everything his parents like in order to please them, the young is not so.

The young Chinese is influenced, more or less, by Dr. Hu Shih, father of the easy-language movement. When Dr. Hu first had a son, he wrote a poem in which he said that he made his son come into this world without the child's consent. Since he did not do the child any favor, he did not want his son to serve him when grown up as those of others had done. As his writings are very popular, his opinion has been shared by the young Chinese without question. The young Chinese has gone so far as to say that his parents gave birth to him not for his sake, but for their own sake; namely, sexual pleasure. This idea is however not a new one; hundreds of years ago a Chinese said it.

Marriage Problem

As the old Chinese is satisfied with the life-long companion his parents chose for him, he does likewise for his son. The old Chinese thinks it is his right to make his son marry the girl whom he (the father) has chosen. The son must obey, and even though he does not like the girl at all he cannot and dare not show any sign of opposition. It is a custom among the Chinese, but this custom is breaking away. The young Chinese is not so timid as formerly, he has showed dislike for it; for it has a great deal to do with his happiness.

Modernized and Europeanized, the young Chinese wants to marry the girl he himself loves. He says that marriage should be based upon love. It is entirely wrong to force a man to love a woman. Divorce cases are bad in China, but they are very few because most of the parents do not allow their sons to do so. Unhappy marriages are found here and there with the result that home-life is not worth living.

Which is Right

It is not the aim of this article to point out all the different thoughts in this country. From the above we can easily see in China how thoughts are not identical. We need not be sorry for it, it is inevitable during this time of transition. As to which is right, the writer is not in a position to judge. But it may be safely said that not all the thoughts that are old are bad, and not all the thoughts that are new are good. The wise man should receive the really good and reject the really bad no matter whether it is old or new!

Wuhu, October 27, 1928.

Japanese Government Guarantees Loan by Oriental Development Co.

An important point brought out in a Japanese news agency dispatch in announcing that the Japanese Finance Department had conducted negotiations on behalf of the To-A (Oriental Development) Co. for a loan with the National City Co. for $19,000,000, was that the Japanese government guarantees the payment of principal and interest on the loan. It was announced at the same time that the Oriental Development Co. would in future confine its operations to developments in Korea, and would not use the money in Manchuria, where it had previously lost several million yen, mainly in Harbin.

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Central Bank Opens in Shanghai

The Central Bank of China, which occupies the premises on the Bund formerly occupied by the Russo-Asiatic Bank, was formally opened in Shanghai November 1 by Gen. Chiang Kai-shek, President of the National Government, and Dr. Tsai Yuan-pei, Chairman of the Board of Control. Mr. T. V. Soong, Minister of Finance, being installed as Governor of the institution. Others swornin to office at the same time included Jian H. Chen, the Deputy Governor; Kuo Li-shen, manager of the banking department; Li Chou, manager of the treasury department; and the directors, who include such well known bankers as K. P. Chen, Tsuyee Pei, Li Ming, Y. M. Chien and T. L. Chow.

Dr. Tsai Yuan-pei, in a short address stated that, in accordance with the Three Principles laid down by the late Dr. Sun Yat-sen, it was necessary to uphold the financial market and maintain the welfare of the people, and so it was that the Central Bank had been established. The Bank would be an independent institution, Dr. Tsai remarked, and would no longer be the prey of the militarists.

Gen. Chiang Kai-shek said that China, since the Revolution, had been more or less in a state of bankruptcy because of constant corruption and because of the lack of banking facilities. China's finances had been thrown into a state of confusion because those in charge had no set plans. Now that the Central Bank had been inaugurated and Mr. Soong had been chosen as Governor, he was sure that these evils would be remedied because sound plans had been devised.

Mr. Wu Tz-hui then gave a comparison between Chinese and foreign banking practices and expressed the hope that China would soon reach, if not even proceed further ahead than, the state of efficiency reached by foreign bankers.

In reply, Mr. Soong promised to do his best to make the Central Bank the strongest banking institution in China.

T. V. Soong, Minister of Finance, is Governor of the Bank. At the reception which followed the opening ceremony, replying to a toast by R. Calder Marshall, he reviewed the history of the opening of a Central Bank at Canton and at Hankow, and continuing, said:

"Before I proceed to discuss this new institution, let me say just one word about the Hankow Central banknotes. The Government has undertaken to honor the banknotes issued by the Central Bank of China as well as the notes issued by the Commissariat of the General Headquarters, bearing the inscription "subsidiary notes of the Central Bank". As a matter of fact, the General Headquarters has already established agencies along the Tsingpu Line for the redemption of these notes, but this task is now to be undertaken by the Ministry of Finance. As soon as the government shall have completed the sale of the Short Term Currency Bonds and the proceeds shall have been deposited with the Central Bank, the Central Bank will assume full responsibility for the redemption of these notes.

The Banks at Hankow and Canton

"The Central Banks in Canton and Hankow at the present have no organic relationship to the bank which we are to-day opening here. This is but another of the inevitable consequences of the civil war through which we have passed and during which the financial administration of the various provinces could not be unified under the central control of the National Government. Thus, these two banks developed into mere local institutions, conforming to conditions in their respective cities. We have now, however, reached the reconstructive stage of our revolution and all political and governmental tendencies are towards unification. Therefore, the Central Banks of Canton and Hankow, cannot long continue this abnormal condition of a separate and independent identity. In the course of time, the relationship of these banks will have to be regularized.

"I am now going to say something to you about the organization of the Central Bank of China. The Ordinances of this institution, promulgated by the Government, have for their object the creation of checks and balances between the Executive, Supervisory and Legislative organs of the Bank. There is to be a Court of Directors of nine members in whom is vested, the legislative authority; a Supervisory Committee which represents the auditing power; and the Governor and Deputy Governor, with administrative power. Excepting one member of the Supervisory Committee, who represents the auditing organs of the Government, other members of the Supervisory Committee and Directors are chosen by the Government from amongst well-known leaders in industrial, commercial and banking circles. Five Directors are appointed to constitute a standing committee and the Governor and the Deputy Governor are chosen from amongst the Committee so as to insure harmony between the legislative and administrative organs. The tenure of office is specifically fixed to avoid political complications. The Ordinances are designed to provide a check between the Court of Directors and the Supervisory Committee, so that misappropriation and dereliction of duty shall be impossible.

"The Issue Department and the Banking Department are under the immediate supervision of the Governor and are independent of each other. Banknotes are only to be issued when there are full legal reserves to ensure redemption. The total amount of note issue is to be determined by the Court of Directors, while the Supervisory Committee shall supervise the reserves. It is the purpose of the Government, in promulgating these Ordinances to provide for the maximum of security and publicity with regard to the note issues of the Central Bank.

"The relation between the Central Bank and the Ministry of Finance must be clearly understood. Being the highest financial institution, the Bank is directly under the supervision of the National Government, and is not in any way subordinate to the Ministry of Finance. Any loan, which the Central Bank may make to the Ministry of Finance, must be authorized by the Court of Directors. Advances and overdrafts on credit or on securities of doubtful market value are expressly forbidden.

"The fact that the present Minister of Finance is also the Governor of the Central Bank must be regarded as a mere coincidence. The ordinances provide that both the Governor and Deputy Governor shall be appointed by the National Government from among the members of the Court of Directors.

"The Central Bank is organized as a national bank, to engage in financial transactions on behalf of the nation. It is not a commercial enterprise, but a national institution, functioning not for the idea of profit but in the interest of the economic development of the people. In this connection, I desire to dwell somewhat on three of the principal missions of the Bank:

The Three Principal Aims

"1. Standardization of National Currency: Our currency system is at present in a state of indescribable confusion. As standard units, we have both the tael and the dollar. In Shanghai, for instance, the tael is the standard unit, but for the economic welfare of the country, it is necessary that the tael should disappear and that the dollar should become the monetary system. When we consider the question of subsidiary coins, we note even a greater confusion. The principal subsidiary coin in current use is the Kwangtung twenty cent piece which is not uniform in weight or fineness and are largely counterfeited, causing inconvenience to trade. In the North, copper coins have become the principal subsidiary unit of the bulk of the population, and many exchange and pawn shops in those regions issue copper notes at will. The existence of different currencies in different regions of the country results in speculation, leading to large losses in the transaction of business. One of the cardinal duties, then, of the Central Bank will be to assist the Government in the stabilization of the currency.

"2. The creation of a National Treasury: Because there has hitherto been no national bank, the national and provincial treasuries have been entrusted to provincial and private banks, and even money shops. The evils of this system are obvious: not only has the Government suffered from dishonest practices and exchange losses, but it has been impossible to have accurate and complete statistics of the taxes collected by financial agencies. The result has been a tremendous loss to the Government. The Central Bank, acting as the Government treasury, will put an end to this condition.

"3. Stabilization of the Money Market: The inelasticity of the money market has brought about a condition in this country, wherein the rate of interest is higher than in most any other country, thereby providing a serious impediment to the expansion of trade. Thus, whenever money becomes tight, panic conditions ensue. The existence of a powerful national bank will do much to alleviate this condition, for when interest charges become exorbitantly high, the Central Bank will be in a position to afford relief to the commercial banks at a low rate of interest through its re-discounting facilities. Similarly, when there is a surplus of money in the market, the Central Bank by withdrawing its funds will be able to increase the interest rate, thus preventing speculation from disturbing the economic stability of the country."

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Perfect When Sun-Maid Raisins Are Used

RAISIN PIE

1 pound seedless raisins
1½ cups sugar
¼ inch cube of ginger
1 pint water
Juice of 1 lemon
Grated rind of half lemon
Pie Crust
Tapioca for thickening, if desired

Let the raisins stand in the water for half an hour, then simmer with the lemonrind and ginger, sugar and a few grains af salt, until they are perfectly tender and the resulting syrup is rich, then add the lemon juice and a tablespoon of tapioca, and allow to cook until the tapioca is tender and clear. In the meantime, line a pie plate with pie crust, cool the sauce, dust the lower crust lightly with flour, pour in the raisin mixture, cover with a whole crust or with criss-cross strips, and bake from 25 to 30 minutes in a moderate over.

Raisin Tarts are made in the same way, only the mixture is poured into small pastry shells and covered with criss-cross strips of pastry or the top may be left open.

Sun-Maid Raisin Growers' Association

3 Canton Road, - - - - Shanghai.

The Nationalist Opium Policy

BY J. WESLEY SHEN

IN response to the demand of public opinion, the National Government has embarked on a new opium policy, that of absolute suppression. The change has come about as a result of the general reaction which prevailed against the former policy based on the idea of "suppression by way of taxation," and precludes all possibilities of using opium as a source of national or local revenue. Instead of providing for a gradual suppression, the new policy requires that opium should be suppressed now. To the twin evil of opium and narcotic drugs it grants no grace.

The new policy, after considerable discussion by the Government State Council, was formulated into an Act and was promulgated on September 10th. The Act is as follows:

The Opium Suppression Act

Art. 1.—With regard to opium, poppy, morphia, cocaine, heroin and their derivatives, the cultivation, manufacture, sale or transportation thereof, except for provisions of this Act, shall be made punishable in accordance with the provisions of the Criminal Code.

Art. 2.—Beginning from March 1st of the 18th year of the Chinese Republic (1929) the smoking of opium shall be made punishable in accordance with Article 275 of the Criminal Code; government employees found after that date guilty of smoking opium shall be given the maximum penalty as provided by the Criminal Code.

Art. 3.—Government employees guilty of cultivating poppy or manufacturing, selling or transporting opium or giving protection to those convicted of opium charges as stipulated in the Criminal Code shall be given the maximum penalty as may be inflicted under the provisions of the Criminal Code.

Art. 4.—The revised Opium Suppression Regulations as of April 4th of the 17th year of the Chinese Republic (1928) shall henceforth be abolished. Existing Provincial Opium Suppression Bureaus are required to complete the liquidation of their affairs before December 1st of the current year; failure to comply with the latter provision of this Article will render these officials concerned liable to punishment as provided by the Criminal Code.

Art. 5.—Whatever opium, morphia, cocaine, heroin, as well as their derivatives as may be required for medical or scientific purposes shall be handled by organs specially created by the National Government.

Art. 6.—The regulations for the execution of this Act shall be separately drawn by the National Government.

Art. 7.—This Act shall become effective from the date of its promulgation.

The formulation of the new policy was greeted with warm enthusiasm among both the Provincial and military authorities. Telegrams were received from the following Provinces, Special Municipal Areas and military leaders commending in laudable terms the new policy of the Government and pledging their support towards its execution: Chekiang, Honan, Anhwei, Shensi, Hupeh, Kiangsi, Hopeh, Honan and Shansi; the Special Municipal Areas of Shanghai, Peiping and Tientsin; and Generals Lu Chung-lin, Hen Ying-chi, Ho Chung-tao, Ho Chien, Liu Hsiang, Teng Shih-ho and Lu Chi-ping. Similar messages were also received from public organizations throughout the country.

As provided in the Opium Suppression Act, detailed regulations were later formulated by the Government State Council to govern its execution. The salient features of the regulations are the removal of the task of opium suppression from any of the Government's ministries, the creation of the National Opium Suppression Committee directly under the National Government, and the abolition of the Provincial Opium Suppression Bureau which in some Provinces have become rather unpopular through the misuse of their powers. According to the regulations, the task of opium suppression will be actually carried out by the district and municipal authorities, two lowest units of governmental organization, while the Provincial and Special Municipal Areas will have the responsibility of supervision. The following is a translation of the regulations governing the execution of the Opium Suppression Act.:

Opium Suppression Regulations

CHAPTER I—PREAMBLE

Art. 1.—The Opium Suppression Act shall be enforced in accordance with the following regulations.

Art. 2.—The term "narcotic drugs" as applied in these regulations include morphia, cocaine, and heroin, as well as substances containing these poisonous drugs or opium.

Art. 3.—The term "higher local governments" as applied in these regulations denotes the Provincial Government when speaking of a Province and the Special Municipal Government when speaking of a Special Municipal Area.

CHAPTER II—ORGANS IN CHARGE OF OPIUM SUPPRESSION

Art. 4.—the organs in charge of opium suppression and their respective functions shall be as follows:

(a) the National Opium Suppression Conference which makes and considers proposals concerning opium suppression;

(b) the National Opium Suppression Committee which supervises the work of opium suppression throughout the country;

(c) higher local governments which are charged to supervise the work of opium suppression within their respective jurisdictional areas;

(d) district and municipal governments which are charged to carry out the work of opium suppression; and

(e) local autonomous organizations which are charged to assist the district or municipal governments in the work of opium suppression within the respective territory of each autonomous organization.

The organization of the National Opium Conference and the National Opium Suppression Committee shall be in accordance with the regulations governing their constitution.

CHAPTER III—PROHIBITION OF POPPY CULTIVATION

Art. 5.—Beginning from the fall of the 17th year of the Chinese Republic (1928), the higher local governments shall, at the approach of each season for the sowing of poppy seeds, see to it that the various grades of local officials and local autonomous organizations under their respective jurisdiction take effective steps for the enforcement of the prohibition. The higher local governments shall also undertake to conduct an appropriate propaganda for the purpose of acquainting the people with the significance of opium suppression.

Art. 6.—Beginning from the fall of the 17th year of the Chinese Republic, the district and municipal authorities as well as those of local autonomous organizations shall, during the sprouting season of poppy, make a tour of their respective territory. Should any poppy be found in any part of their territory, it shall be uprooted by force, and if the planting takes place after these regulations have taken effect, the person responsible for it shall be delivered to the court and dealt with according to law.

Art. 7.—In all poppy growing areas the village chiefs shall warn those of their respective villages against cultivating poppy, and shall give a report of actual conditions when approached by government investigators. The villagers shall have similar duties as regards their respective neighbors.

Art. 8.—For the purpose of investigation the higher local governments shall from time to time send investigators to various districts within their respective jurisdiction, and may appoint officials to reside in large opium producing districts where the task of investigation is especially difficult.

SECTION IV—PROHIBITION OF OPIUM TRANSPORTATION

Art. 9.—For the purpose of preventing the importation of opium and narcotic drugs from abroad, the National Opium Suppression Committee and higher local authorities may separately appoint officials to reside at any important sea-port or frontier city who shall work in conjunction with the Customs Commissioners and local officials for that purpose. Upon discovery of any smuggled opium both the contraband and the smuggler shall be delivered to the court and dealt with according to law.

Art. 10.—In order to prevent the transportation of opium and narcotic drugs within China, the higher local authorities shall see to it that the various grades of local officials strictly guard against the smuggling of opium, and may from time to time appoint officials to investigate conditions in important transportation centers. Upon the discovery of any smuggled opium or narcotics both the smuggler and the contraband shall be delivered to the court and dealt with according to law.

Art. 11.—The district and municipal authorities, together with subordinate officials and the local autonomous organizations, shall make constant investigations of their respective districts, and any person who is reasonably suspected of transporting opium or other kinds of narcotic drugs shall be delivered to the court and dealt with according to law.

CHAPTER V—PROHIBITION OF SALE

Art. 12.—The district and municipal authorities, together with their subordinate officials and the local autonomous organizations, shall make constant investigations of their respective territory with the view to delivering to the court for punishment according to law any person found to be dealing in opium or other kinds of narcotics. Those who have been

Note:—The term "local autonomous organizations" which often occurs in the Opium Suppression Regulations denotes villages and other units of local government.

doing so before these regulations have taken effect shall, upon being registered with the local authorities concerned, sign a written pledge against further sale of opium or other kinds of narcotics.

Art. 13.—The district and municipal authorities shall see to it that their subordinate officials and the police make constant investigations of their respective territory with the view to detecting opium or other kinds of narcotics. Any opium or other kinds of narcotics, when discovered, shall be seized, and its owner delivered to the court and dealt with according to law.

CHAPTER VI—PROHIBITION OF SMOKING

Art. 14.—Beginning from March 1 of the 18th year of the Chinese Republic, the district and municipal authorities shall see to it that their subordinate officials and the police within their respective jurisdiction strictly prohibit the smoking of opium. Any person found smoking opium shall be delivered to the court and dealt with according to law.

Art. 15.—The higher local governments, when necessary, may establish anti-opium hospitals in their respective districts. The regulations regarding such hospitals, which are to be abolished at the end of February of the 18th year of the Chinese Republic, shall be drawn by the National Opium Suppression Committee.

Art. 16.—The manufacture, sale or possession of articles for the smoking of opium shall henceforth be prohibited. The municipal and district authorities shall see to it that their subordinate officials and the police strictly enforce the prohibition, and any person found to be violating this regulation shall, together with the contraband, be delivered to the court and dealt with according to law.

CHAPTER VII—APPENDIX

Art. 17.—Regulations shall later be jointly formulated by the Ministry of Interior and the National Opium Suppression Committee, in accordance with which government employees engaged in the work of opium suppression shall be rewarded or reprimanded.

Art. 18.—All opium and other kinds of narcotics in the possession of private individuals, shops, companies, Provincial Opium Suppression Bureau or other governmental organs before the enforcement of these regulations shall, except for a small portion as may be deemed necessary by the National Opium Suppression Committee for medical or scientific purposes, be destroyed by burning, the regulations regarding such destruction to be formulated by the Committee.

After the enforcement of these regulations all opium and other kinds of narcotics which may come into the possession of the court or other governmental organs shall be disposed of in accordance with the provisions of the foregoing paragraph.

Art. 19.—These regulations shall become effective from the date of their promulgation.

The National Opium Suppression Committee created by the National Government in accordance with the Opium Suppression Act is composed of the following: Generals Chiang Kai-shek, Feng Yu-hsiang, Yen Shih-shan, Lee Chung-jen, Chang Chih-kiang (Chairman), Ho Ying-ching and Lee Lieh-chun; Ministers T. V. Soong, Hsueh Tu-pi, C. T. Wang, Wang Pei-chung and Wang Chung-huai; Admiral Chen Shao-kwang and Messrs. Niu Yung-kien, Ma Ying-chu, Li Tang-hwei and Chung Ko-toh. It may be interesting to note that the last two named are active members of the National Anti-Opium Association, a popular organization which has for years been waging a vigorous campaign against opium.

As may be anticipated, many administrative difficulties will rise up in connection with effective enforcement of the Government's new opium policy. It is with the view to solving such questions that a national conference has been convened by the Government at Nanking and will continue in session during the first ten days of November.

Nanking, November 5, 1928

Opium Suppression Conference Meets at Nanking

A total of ninety proposals covering various phases of the opium problem were submitted at the first general session of the National Opium Suppression Conference held at Nanking November 2. Tai Chi-tao, Chairman of the Examination Yuan, made a brief speech expressing his views on the problem.

In the course of his speech Mr. Tai drew a comparison between Japan and China with respect to the attempt at opium suppression, stating that the success of opium suppression in Japan was a matter which has not been accorded due recognition at the hands of the historians, and that in his own study of modern Japan he was very much impressed by the vigorous campaign against opium which occurred during the years

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the world's greatest living historian, is but one of the many noted subscribers who are reading regularly the CHINA CRITIC for the views of thinking Chinese on subjects of social, economical and political nature.

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immediately preceding the Meiji period, as manifested in the drastic action then taken by the Japanese authorities to curb the drug evil and the general abundance of anti-opium literature. In conclusion Mr. Tai told his audience that the aim of the present conference was not only to create an atmosphere in favor of opium suppression, but also to devise effective and feasible measures toward that end.

Several proposals submitted concur in that punishments of a particularly drastic nature should be provided for military officials who are either engaged or in any way involved in the drug traffic. Other proposals urge strict prohibition of the poppy establishment of anti-opium hospitals, and investigation of anti-opium remedies both as regards their properties and their effects.

Concerning the international aspect of the problem, about a dozen proposals call attention to the serious situation regarding the misuse of morphia in this country, and various measures are suggested to prevent its importation. One proposal states that the question of narcotic drugs cannot be separated from, but merely constitutes one phase of the opium problem, and suggests that at the forthcoming International Opium Conference to be held next year China should insist that honest attempts be made by the Powers to limit the manufacture of morphia, cocaine, heroin and other kinds of narcotics exclusively to medical and scientific purposes.

The conditions as regards opium among overseas Chinese is another topic relating to the international aspect of the problem. Two similar proposals containing alarming facts about the growth of the drug habit among Chinese nationals in the Strait Settlements have been submitted. The proposals are alike in advocating that a Chinese commission should be sent thither for an investigation of real conditions, and, acting on the results of their finding, negotiations should be instituted with the governments concerned to secure from them sincere and honest attempts to curb the drug evil among the Chinese in their respective colonies.

Various experts, including Dr. Wu Lien-teh, made reports on the evils of the opium traffic. Speeches were made by Chang Chih-kiang, chairman of the committee of the Council of Prohibition, by Dr. C. T. Wang, Minister of Foreign Affairs, Tan Yen-kai, chairman of the Executive Council, Dr. R. Y. Lo, and General Chiang Kai-shek.

General Chiang in his speech referred to the fact that the movement to suppress opium had already been started in the first year of the Republic, the southeastern provinces with the exception of Shanghai having totally suppressed the traffic. In the second year Chekiang also adopted vigorous measures. Dr. Sun, at the time the capital was first established in Nanking in 1912, and the Kuomintang leader demanded that opium smoking be entirely suppressed. Later when the Provisional Government was abolished and Yuen Shih-kai assumed control there was not a single official who did not smoke opium. Under the Nationalist government every official realizes the necessity of suppressing opium, but suppression must start at the center before the provincial authorities can be expected to take any decisive steps. If any man in the Government smokes opium he ought to be punished. It is not sufficient to pass high-sounding resolutions. If you want to suppress opium you have to begin with the members of the Central Government. The National Government has shown its *bona fides* by not collecting any revenue from opium, but officials in some localities depend on opium to add to their income. This is especially true in Shanghai, Gen. Chiang stated, where it is reported that ten thousand Chinese are opium addicts. The members of the Anti-Opium Conference are quite justified in asking the Government to give them power to act against opium smokers and against the traffic generally. The best plan of suppression should be worked out and then measures should be adopted to put the plan into effect.

Opium Conference on Trail of Opium-Using Officials

The *Ta Chung* news agency states that a sensation was created at Nanking November 6 when it was announced that the National Opium Suppression Conference had passed two resolutions, one calling for the punishment of General Chao Tiao-yuan, until lately Chairman of the Anhwei Provincial Government and now Vice-Gendarmerie Commander for Peiping and Tientsin for having been found guilty of transporting opium some time ago at Shanghai, and the other calling for an investigation as to whether or not it is true, as has been repeatedly reported in the past, that Admiral Yang Shu-chwang, Commander-in-Chief of the National Navy and concurrently Chairman of the Fukien Provincial Government, and Chao Pei-lien, a prominent Shensi official who has been mentioned for an important appointment in the Central Government, are opium addicts.

General Feng Yu-hsiang as a Revolutionary Leader

BY YU TSANG

PEOPLE throughout the world who take an interest in China are familiar with the name of General Feng Yu-hsiang, newly appointed State Councilor, Vice-President of the Administrative Council and Minister of War of the Nationalist Government. They all know that he has had an unusual and dramatic career, but so much fiction and mystery has been woven about his name, that they can hardly have a clear conception of the real man and his character.

For various reasons, political and personal, a number of writers and reporters have persisted in misrepresenting him. Not a few who wish to see China in a perpetual state of strife have been doing their utmost to sow seeds of discord and mistrust among the leaders of Nationalist China. Against General Feng probably more mischievous propaganda has been spread than against any one else. That these people should do so, it is not strange; but for those who have a genuine interest in China's welfare and a better understanding of China and her leaders, the facts should be known.

One of the causes of misunderstanding concerning General Feng is that the part he has played in China's revolution is often not realized. For, otherwise, people would understand better his conduct in recent years.

The present writer has known him for almost ten years, and has learned to know the man through frequent contact and prolonged observation; he feels it his duty to divulge a few salient facts for the benefit of the public.

Few Advantages of Education

As is well known, General Feng was brought up in a family of humble circumstances. He had few of the advantages of education which youths in well-off families as a rule enjoy. But being endowed with great intelligence, extraordinary mental and physical energy, and through persevering and strenuous application and self-discipline, he has become a scholar, a strategist and a statesman of such a caliber as to be one of the most useful men, and they are few, in the reconstruction of China. It would take too much space here to relate in detail this example of a self-made man.

As to General Feng's revolutionary activities, they date back to the last years of the Manchu Dynasty. He was a disciple of Dr. Sun Yat-sen's ideals long before the establishment of the Republic in 1912. When the Revolution broke out at Wuchang in 1911, Feng, then a commander of a battalion stationed at Sin Min Fu in Manchuria came down the Peking-Mukden Railway and took part in the so-called "Luanchow Revolt". In this attempt, Wang Ching-ming was the "Great Tutuh", and Shih Tsung-yuen the commander-in-chief. When the movement failed, these two men were killed by Tsao Kun and Wang Huai-ching. The statues of these two martyrs now in the Central Park at Peiping were established by General Feng in 1924. Among others who lost their lives in this affair were Tai Hsia-chiu, Sun Chien-sen and nearly four hundred officers and men. Feng himself was captured, kept three days without food or drink, and then conveyed back to Paotingfu as a prisoner. His principal followers such as Li Ming-chung, Chang Chih-kiang, Chang Shu-shen and Han Fu-chu were driven from the country. Although this first attempt ended in failure, the seeds of revolution in the North were nevertheless successfully sown, which later were to bloom into the magnificent co-operation between General Feng and the Southeren forces in the completion of the National Revolution. There is much in the early movement to explain the later endeavors of this military leader, but unfortunately it is not generally known, although records are to be found in several

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books published in the North.

The second occasion when General Feng took a decisive part in the Revolution was when Yuan Shih-kai attempted to establish himself as emperor. Many people thought that General Feng was pro-Yuan, when he was despatched to Szechuen under the command of Chen Er-an to help suppress Tsai Ao in 1916. But they did not realize that it was Feng who compelled Chen to declare independence, which was the decisive blow ending Yuan's imperial dream and his mortal life. So those who know Feng well think he, s conspicuously as Tsai Ao, saved the Republic, while his enemies condemn him. It cannot be denied, however, by unbiased observers that Feng did play an important role in foiling Yuan's scheme. The men who were despatched by Feng to arrange the plan of co-operation between Tsai Ao and the Northern forces were no other than Chang Chih-kiang and Liu Yee-ching.

Upheld the Republic

The third occasion on which Feng upheld the Republic against its enemies was when Chang Hsuen attempted to restore the monarchy in 1917. It is generally said that it was Tuan Chi-jui's punitive expedition from Machang which brought about Chang Hsuen's defeat. But in the actual ousting of Chang Hsuen from Peiping, it was Feng's men who accomplished the deed, when their leader on his own initiative returned to Langfang from retirement in the Western Hills and led them to Peiping. This has been mentioned time and again by Dr. Sun Yat-sen and Chang Chi in their talks in America and other countries,

As to the role that General Feng recently played in the consummation of the Revolution in unison with General Chiang Kai-shek and other leaders, the facts are still so fresh in people's memory, that they require no reiteration.

When General Feng's revolutionary career is known, one begins to understand why he overthrew Tsao Kun, the man who attained his presidency through open bribery, and why he deposed Pu Yi, the last occupant of the defunct Manchu throne, an incongruous remnant in a respectable republic. As to the depredatory militarists who had fed themselves upon the life blood of the nation, they certainly had no use for him. Their chief concern was to make themselves monarchs in their ill-gotten domain and to expand their spheres of influence. It was to their common interest to vilify Feng and to get rid of the man who stood so much in their way. Confucius well said: "When one is not tolerated, one proves oneself a gentleman." Now that the Revolution has finally triumphed, truth and righteousness will also be glorified.

Shanghai, November 2, 1928

Feng Yu-hsiang Sends Characteristic Letter to His Troops

Gen. Feng Yu-hsiang recently prepared a long circular letter of instructions to his troops in which he regrets that he has not been able to feed his men properly, urges his soldiers to become good officers and to study carefully the principles of military science, recommends a careful study of the Three People's Principles and the plan of national reconstruction, lays down the principle that every private should remember that the "people" includes his parents, brothers and sisters; also urges discipline as "strong as iron," recommends dredging of rivers, the building of roads, and the use of the military carts for the transportation service of the people.

Other exhortations by General Feng follow:

"Never forget the national humiliation and you will struggle hard to be a good person useful to the country; meanwhile this will help you to get rid of all vices.

"In training the soldiers do not pay much attention to appearances. Take more time and energy for practical work and pay due attention to night campaign.

"Our army is noted for military drill. Gen. Sun Liang-shing, Gen. Sun Chung-lien and Gen. Han Fu-chi etc. are the best officers in the army. In military manoeuvers they personally lead the troops to the field where they share hunger and coldness with their men. These officers are greatly respected and beloved by the whole army.

"As a military man, one must be able to bear hardships. A real soldier will never appear arrogant in victory and dismayed in defeat. Be steady all the time."

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October 1, 1928,

(Sgd.) CHANG SHOU YUNG — *Vice-Minister of Finance*

(Sgd.) TSE VUNG SOONG — *Minister of Finance*

STATEMENT REGARDING SECURITY AND SERVICE OF THE LOAN BY THE OFFICIATING INSPECTO -GENERAL OF CUSTOMS

"The funds available from that portion of the Customs Revenue formerly assigned to the service of the German share of the Boxer Indemnity, after service of the Fourteenth Year Loan of the Republic and of the Continental Bank Loan of 1926, are sufficient to meet in full the interest and redemption payments of the 17th Year Short Term Currency Bonds now advertised. These available funds will be paid by me, on the order of the Minister of Finance, to the account of the 2½% Treasury Bonds Sinking Fund Committee which controls the service of this Loan."

(Sgd.) A. H. F. EDWARDES
Officiating Inspector-General of Customs.

Further Moves in the Sino-Japanese Diplomatic "Game"

BY J. B. P.

In last week's issue (November 3) of *The Review* there appeared a summary of the unofficial "conversations" between S. Yada, Japanese Consul-General at Shanghai and Dr. C. T. Wang, National Minister for Foreign Affairs pertaining to outstanding and unsettled diplomatic questions between Japan and China. As indicated these talks between Dr. Wang and Mr. Yada were purely unofficial and informal, the obvious purpose being to "feel each other out" in order to discover if possible a basis for future official negotiations. These conversations lasted for a period ot six days, following which Mr. Yada returned to Shanghai and made an extended and detailed report to the Tokyo Government.

Tanaka Sends Arita to Nanking

Immediately following the receipt of Mr. Yada's report in Tokyo, General-Baron Tanaka, Japanese Premier, ordered Hachiro Arita, chief of the Asia Bureau of the Tokyo Foreign Office, and Koichi Nishida, acting Consul-General at Tsinan, Shantung to proceed to Shanghai and Nanking. Both were in Nanking for two or three days as the guests of the Japanese Consul-General in the National Capital, during which time they called upon various Chinese officials including Dr. C. T. Wang, Foreign Minister, and Gen. Chiang Kai-shek, chairman of the Government State Council. According to the reports regarding the visit, the question of diplomacy was not touched upon by either Mr. Arita or Mr. Nishida in their calls upon Dr. Wang and Gen. Chiang, the only matters discussed being generalities pertaining to conditions in China and the plans of the National Government.

Much Chinese Speculation

Since neither Mr. Arita nor Mr. Nishida touched upon diplomatic problems while in Nanking, their visit to the National Capital has led to much speculation in the Chinese press, one of the Shanghai newspapers alleging that their real purpose was to "check up" on the optimistic reports regarding the National Government which had been sent to Tokyo by Mr. Yada, the Japanese Consul-General at Shanghai, who is known to have urged General-Baron Tanaka to modify his so-called "positive" policy and enter into negotiations with the Chinese for the settlement of outstanding problems. In other words, it was suggested in the Chinese newspaper that Tanaka is still skeptical regarding the stability of the Nanking Government and is not yet willing to acknowledge that his "positive" policy has been a complete failure.

"Arita Arrives"

The following interesting speculation upon Mr. Arita's visit to Nanking and comment on Sino-Japanese diplomatic relations appeared editorially in this week's issue of the *China Critic*, a Chinese owned and edited weekly issued in Shanghai:

> After the United States, Great Britain, France and Italy have settled with the National Government ot China the Nanking Incident; after the United States and Germany have signed with China an equal and reciprocal treaty; and after practically all the important powers have made moves for the negotiation of a new commerical treaty with China, Japan first sent Yada to Nanking for carrying on preliminary discussions on all the outstanding questions now existing between the two countries and then despatched Arita to Nanking, ostensibly for clarifying certain points with reference to the negotiations that have just been suspended.
>
> At this juncture when for the first time in years the Japanese Government makes this overture to the National Government, we should not at all express any doubt as to Japan's sincerity. However, the burden of proof rests on Japan's shoulders. It is very obvious that China gains nothing to leave her wounds undressed and it is very natural that she desires to have them healed at the earliest possible moment. Therefore, should the preliminary negotiations bring no final satisfactory result, it would be logical that Japan had not in reality changed her "positive" China policy.
>
> Up to the time when Yada went to Nanking, Japan had insisted upon the withdrawal by the National Government of China of its declaration that Japan's Commercial Treaty with China had expired. What stand did Yada take at Nanking, we cannot say except what is based upon conjecture. The joint statement by Dr. Wang and Mr. Yada was quite optimistic which seemed to indicate that some understanding might have been reached. Nevertheless, the joint statement and Tanaka mentality are entirely different things. And Tokyo reports that the real situation of the Wang-Yada Conference was not so successful as anticipated might have been inspired for the final unfavorable action Tanaka might take. Whatever one may, think, we must recognize that if Japan continues to maintain its old attitude with reference to the Sino-Japanese Commercial Treaty, no progress can be made on the treaty question.
>
> It has been persistently reported that Tanaka's recent action is nothing more than a gesture for appeasing public opinion both at home and abroad for the sole purpose of consolidating his position and continuing the life of his cabinet. We do not wish to give undue credit to these reports. However, subsequent events will prove or disprove their truth. For the present, we like very much to believe that Japan this time is entirely sincere in desiring to end the outstanding questions existing between the two countries.
>
> The Tsinan Question is another bone of contention. Since the time when Japan first took over Tsingtao and the Kiaotse Railway from the Germans at the expense of China, people here have not gotten over the idea that Japan's intentions in Shantung are entirely disinterested. It is believed in China and abroad, rightly or wrongly, that Japan's forced retreat from Shantung after the Washington Conference was not the end of the "Shantung Question." The world expected to see more and more it saw! Seizing the second advance of the Nationalist Army into Shantung as a God-sent opportunity, Japan, despite repeated protests of the most solemn nature from the National Government, despatched more troops to Shantung than her citizens there, ostensibly for the sake of protection, but really looking for trouble and wishing for re-occupation ot the territories once under her temporary control. It is hardly necessary to reiterate the alternative action Japan might have taken had she really the safety of her citizens in view. On the contrary, those troops were sent so that a few Japanese civilians might be sacrificed for the sake of general interests.
>
> It is unreasonable to believe that the Nationalists, then and there desired to have any trouble with any country, the least of all, Japan. The goal of the Nationalists at that time was Peking, now known as Peiping, and not a conflict with the Japanese. Events as reported by neutral observers before and subsequent to the Tsinan Affair unequivocably show that the Nationalists were willing to go out of their way to meet the Japanese militarists: they were almost ready to sacrifice anything for the unification of country by completing the Northern Expedition. And they did sacrifice hundreds of lives and millions of property by letting the Japanese troops have their own way and offered not the least organized resistance. Granting that the responsibility of starting the trouble which later became uncontrollable is yet unascertained, we are not able to acquit the Japanese militarists in command of their expeditionary force of unnecessary cruelty. Their acts are no less than atrocities.
>
> In view of these facts now known to the world, it will be useless to have any negotiations unless Japan is willing to withdraw her troops at once and promise to indemnify China of the lives and property lost as a result of unnecessary cruel measures by Fukuda. Will Tanaka be sincere and courageous enough to face these facts and do the right thing? Being well-wishers of Sino-Japanese relations, we hope he is.
>
> Arita has heavy responsibilities upon his shoulders. His acknowledging these hard facts and his influence upon Tanaka upon his return will go a long way in removing the barrier that is now in the way of Sino-Japanese understanding.

Withdrawal of Japanese Troops

Chinese of all classes appear determined that the 7,000 Japanese troops still stationed in Shantung must be withdrawn before the National Government at Nanking will consent to definite negotiations for a settlement of outstanding diplomatic questions. The possibility that the Chinese demand may be complied with has resulted in some interesting reactions on the part of the Chinese citizens and Japanese residents of Shantung province. A few days ago a delegation representing the "Tsinan Incident Association" an organization of Chinese citizens of Tsinan, the capital of Shantung, arrived in Nanking to present certain demands:

1, The Japanese troops in China must be immediately

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withdrawn before the negotiations are started.

2, The high Japanese military officials in Tsinan and the Japanese consul in Tsinan must be punished.

3, The Japanese Government must apologize, and guarantee that there would be no such incident in future.

4, The Japanese must pay damages to the Chinese.

5, Compensation be given to those killed or wounded in the Tsinan Incident.

6, The unequal treaties must be all abolished.

7, The Chinese tariff autonomy be enforced.

Japanese Residents Worried

Simultaneously with the presentation of the foregoing demands to the Nanking Government by the Chinese citizens of Tsinan, the Japanese residents of the same city telegraphed the following appeal to their home government,

"The outcome of the negotiations between China and Japan regarding the Tsinan Incident will not only decide the fate of the Japanese residents in Shantung but also will have a great influence on the future Sino-Japanese relations, which may turn better or worse according to the terms of the settlement. If the troops were to be recalled in the present state of affairs, all the Japanese nationals in Shantung will have to withdraw before the troops go back. Therefore, we urge the Japanese Government that when the negotiation is opened, Japan should first let the Chinese Government admit the necessity of the presence of the Japanese troops in Shantung till the local conditions are more stabilized and the Chinese law is actually enforced and strictly observed in that province."

Chinese Agitation Continues

As indicated in the review of the Sino-Japanese situation which appeared in last week's issue of *The Review*, the Nanking conversations between the Chinese and Japanese diplomatic officials has served to stir up a fresh outburst of Chinese indignation against Japan. This anti-Japanese agitation continues, the Chinese newspapers giving major space to the subject. According to a Peiping dispatch appearing in the *Shun Pao*, one of the leading Shanghai newspapers on November 6, the following demands have been formulated by the Japanese in reference to the Shantung and other questions, the report supposedly originating in "Diplomatic Circles:"

(1) Recognition of exclusive right of Japan to the construction of Railways and the opening of mines in Manchuria and Mongolia.

(2) Recognition of Japan's right to control the Kiaochow-Tsinan Railway as a guarantee for the payment of the purchase from Japan of the Railway (It may be recalled that the Railway was constructed by the Imperial German Government when the latter was in possession of Kiaochow which was captured by Japan at the outbreak of the World War and the possession of the Railway was subsequently claimed by Japan.)

(3) Before the recognition of China's right to tariff autonomy, the following demands be accepted by the Chinese Government:

a. The enforcement of a provisional tariff schedule on special products imported from Japan.

b. The enforcement of the proposed tariff schedule adopted at the Special Tariff Conference in Peking.

c. The recognition of the various unsecured loans to the Northern militarists, such as the Nishihara loans to Tuan Chi-jui and other loans to Chang Tso-lin.

Wickham Steed on How to Understand Americans!

(*Manchester Guardian, Oct. 17*)

Mr. Wickham Steed, editor of the *Review of Reviews*, speaking at a luncheon at the Alwych Club yesterday, said that the Americans were the greatest foreign nation on the earth. "But they are foreigners. If we treat them with the respect we should accord to a great foreign nation and study them as carefully as we should study France, or Germany, or Italy, or any other important country we shall then begin to understand them as we do not to-day."

Every Englishman who went to America should have to cross the continent and should be compelled to spend a month in the Middle West in order to realise the magnitude of the country and the isolation of the central area. The real difference between Britons and Americans lay in the things they take for granted. We should realise that we cannot understand the things Americans take for granted unless we go over there very respectfully to learn their language and find out what they are thinking about. "If we go to them as a great foreign nation we shall find that they are the jolliest lot of foreigners we ever met. If we go there thinking they are blood cousins we shall be disappointed."

Shantung Impressions and Observations

BY J. A. J.

Fishes of all kinds are very numerous in the lakes and rivers of Shantung. The carp and Li-yu are very plentiful, and with the eel and other kinds are sold in the markets by weight, being kept alive in shallow tubs. Among the various species we may mention the Huang-ku on account of its yellow bones; the skin is yellowish and devoid of scales, but the most curious feature of that kind of fish is that the dorsal and two pectoral fins are each provided with a long sharp spine having a line of acute teeth, giving to it an exact resemblance of a saw. Another very curious kind is found in the waters of the Huai-ho and in a spring on the Tai-shan. If we are to believe the statement of the Chinese thereabouts, this fish has no bones; some pretend that it was sent alive to the Emperor (which one, I have been unable to ascertain), when he prayed for rain, and they even go so far as to say that after the sacrifice to Heaven, it was returned to its native waters. Perhaps this is why this fish is called the Dragon fish. The gold fish are also an interesting family, being sometimes, contrary to their name, of a beautiful velvety black. The system of selection, applied to that species, has produced the most curious results. One, called by us the Telescopic gold fish, so named on account of its eyes which are brought to an abnormal size, is often as large as the head itself. The fins have also been enlarged and brought up to an enormous size. Some beautiful specimens are reared in Lai-chow-fu can be occasionally bought in Chefoo from the Lai-chow hawkers.

Sea Foods Plenty

The Shantung rivers also possess two kinds of shrimp and crabs, whereas the fresh-water mother o'pearl shell or the muli oyster is found in the North West in small streams between the Yellow River and the Siao-ching-ho. The Yellow Sea and the Gulf of Pechili are rich in fish of all kinds. Leaving aside the most common, well-known to Chefoo residents either by their English names of bream, conger-eel, herring, mackerel, or by the Chinese names of Tao-yu, Chi-yu, Pienko-yu, etc., we may pass at once to the most curious species, mentioning only the herring as being, when smoked, one of the delicacies of Chefoo products.

Many kinds of these fishes are rare and unknown in the West, and if a few kinds only appear on the foreigner's table, it is not because of any deficiency in the market where one can often count at least thirty different species, pounced upon eagerly by the Chinese. A curious small fish was once brought to me alive. I took it incautiously and was punished for my rashness by a burning pain caused by the sting of one of its spines. This fish was of a dirty grey color, with fresh arborescent excrescences and the two pectoral fins of a beautiful red, dotted with black; they looked much like the wings of a butterfly. It is scientifically known as the *Pelor Japonicus*—a Japanese fish in Chinese seas; another Japanese invasion!

Another curious fish possesses under the head a kind of sucekr by means of which it fixes itself solidly to rocks or weeds. It is called by the Chinese the "sucking fish." Its skin, head and blood are said by the Chinese to be poisonous, but they pretend, curiously enough, that after having been bled, skinned and beheaded, it may be eaten without danger. The small shrimp and the large prawn are plentiful in the market in April. They are generally caught near the South Eastern point of the Shantung Promontory. The lobsters, so closely allied to them, and very common in Japan, are not so plentiful on the Shantung coast, but of crabs there are many kinds, some of them being of the most curious colors and shapes, one of them looking exactly like a big spider. Flute fishes are also plentiful.

After a heavy swell, and more particularly in winter, numbers of star fish of all hues and shapes are to be found on the beach. There are many kinds, each more beautiful than the other, some being grey and some purple, violet or blue, dotted with crimson. Unfortunately these colors fade away more or less and cannot be well preserved after the death of the animal.

At low water, the little pools between the rocks are adorned with two very beautiful kinds of sea anemones of a soft emerald green and carmine color. There are three kinds of sea—urchins or sand eggs more curious than beautiful. The Bicho-de-Mar is common enough and constitutes one of the great delicacies of the Chinese table.

Amongst the greatest curiosities of the Yellow Sea, there is a wonderful polypus. This curious zoophyte is known on the coast of Newchwang by the name of Chang-yu and possesses the property of turning into vinegar the fresh water in which it is placed!

Shells of Various Kinds

The shells are numerous, about seventy different species, and everyone knows by its taste if not by its Latin name, the palatable Chefoo oyster. They even find their way as far as Peking. Many kinds of shells may be found in the market, some of them like the razor shell, and various kinds of clams, being really good to eat when prepared with a proper sauce.

If we leave the inhabitants of the seas for the more poetical inhabitants of the atmosphere, all sportsmen will be pleased to note that red-legged partridge and the pheasant are very common in the province. So are the snipe, woodcock, wild duck, wild pigeon and other birds. The swans, like the wild geese and wild ducks, are migratory birds, and they may be seen occasionally passing over Chefoo in immense numbers about March tending Northwards, where they alight on the lakes and marshes of Manchuria. Then there is the heron and also the crane. Those who are superstitious-minded will not hear with pleasure of crows, magpies, owls and bats, all being very common in the interior as well as in Chefoo. Amongst the magpies it is curious to notice a grey kind which one takes at first sight for a dove or a wild pigeon. In Tsinanfu we saw a kind of crow with a red bill, and another kind with a white neck and white chest, which last is said to be good to eat,—but then our Chinese friends eat many things which we foreigners look at askance! and one must not omit a very curious kind of fowl called "Pa Pao Chi" or "Eight Valuable Fowls." Its feathers are so slender and narrow that they look much like hair. The comb of the cock is double, the hen is white, and it possesses five claws, the leg being entirely covered with feathers. The skin is black and two blue dots are found over the ears. The fowls are common in the vicinity of Tsinan-fu and Lin Chin-hsien. They are often used as medicine, being pounded alive in a mortar and applied as a poultice to broken limbs. On the Fu-shan-hsien river, wild geese and wild turkeys and some turkey buzzards are seen, but these birds are very wild and it is difficult to come within range of them. Moreover, they are so hard that it is said only a French *chef* who can make a good soup out of an old pair of boots would succeed in making a nice dish out of these tough birds. The hawk is a ferocious and audacious bird of prey. One day, an old woman was walking along with a piece of pork in her hand when, suddenly, she felt on her head something like the flaps of an enormous fan and the meat was snatched from her hand, the audacious robber being a hawk. No wonder, therefore, that in Shantung when they speak of a sharp fellow, he should be described as being "as brazen as a hawk."

Hunting Attractions

Besides birds, good sport is offered by wild animals in Shantung. Hares are common. They never lose an occasion to entrap or kill Master Reynard, far different in this regard from the Japanese who have a religious awe of the sacred *kitsuné* as they call it. As fox-skins are common in the market places, this animal must be very common in the province. Wolves often make their presence felt. Almost every winter at night, when snow is on the ground, they sally forth, to the terror of the peasants. Badgers and wild cats are also to be found. The sheep are fed in large numbers on the immense plains of the western boundary together with oxen and horses. The tails of the sheep, though pretty large, are smaller than the enormous ones of those north of Peking. In the South of the province, bezoars are known to be found in the stomachs and gall bladders of the cows and buffaloes. These curious concretions, called *Niu Huang*, are used as a sedative and tonic medicine; they are composed of fetid hairs and a few solids, but they are supposed by the people to possess great virtues. Hedge hogs are common; their black and white spines show they are a different kind from those found in Europe.

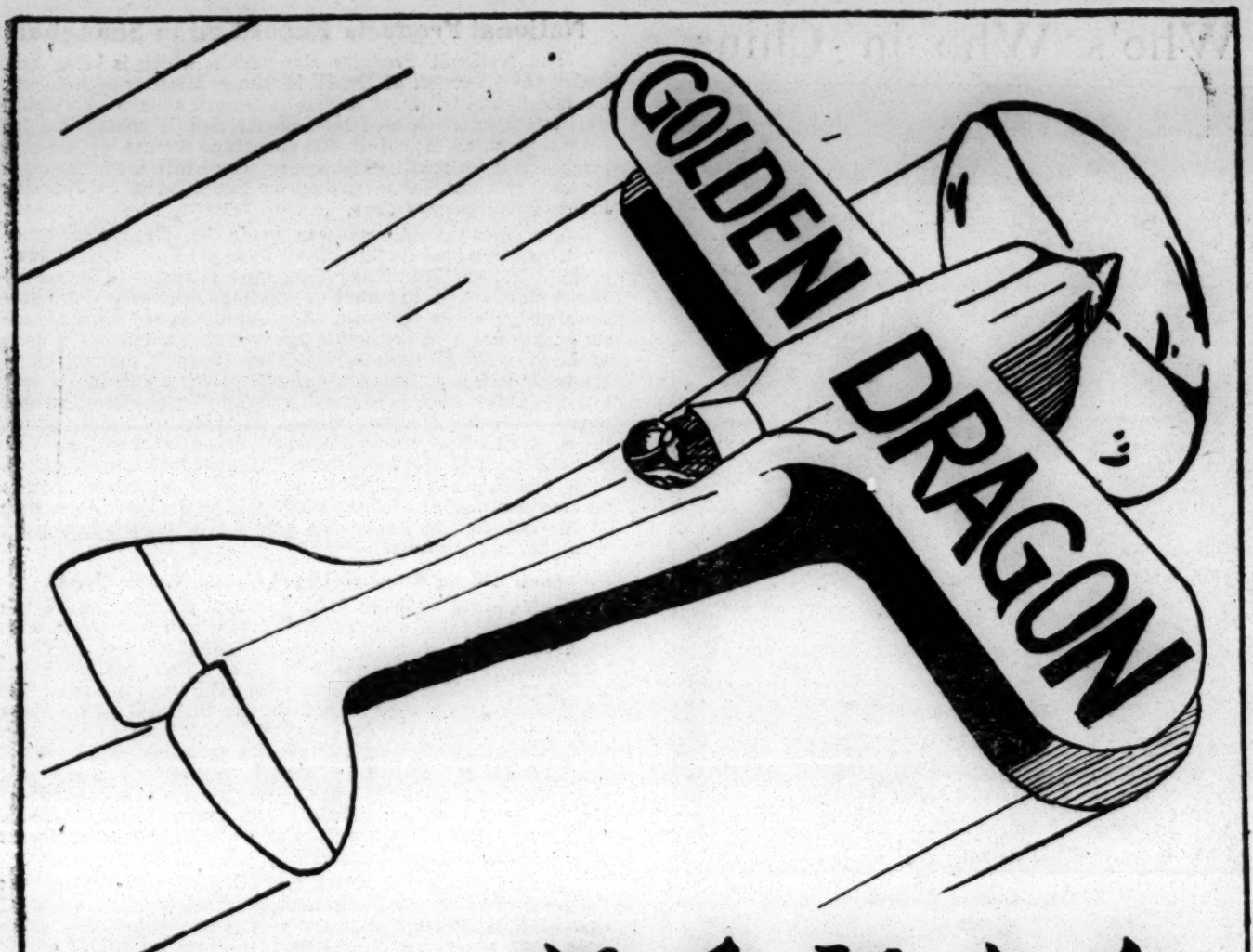
Snakes In Evidence

Snakes also call for attention on account of their pretty colors, not to mention their dangerous bites. The Chinese use them as medicine. Lizards are often seen, too, whereas frogs are very numerous and are used extensively for culinary purposes.

When speaking of the inhabitants of the air, one must not fail to mention the insects, the cicada particularly being noisy enough on a bright Summer day to call your attention *nolens volens*. The locust makes nearly as much noise. Once in several years they alight in the fields in a dense cloud and make great havoc amongst the crops.

When tired of climbing the hills on a hot day and in choosing a seat upon which to rest a while, one should be very careful in ascertaining whether there are any scorpions about. In some places there is hardly a stone without a scorpion under it, and its sting is something to be remembered. Centipedes are not so plentiful as in certain other parts of China and never attain the large size of the Cantonese variety. Both insects are carefully collected and dried by the

(*Continued on page 378*)



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Who's Who in China

Gen. Chiang Chi-ren
蔣堅忍

Gen. Chiang Chi-ren, is a native of Fenghwa, Chekiang. He received his early education in his home town. Prior to the influx of the Kuomintang influences to the Kiangnan Provinces, he secretly did much propaganda work for the Kuomintang in Ningpo. In 1925 he entered the Whangpoa Cadet School, Canton, for political and military training. When the Northern Expedition Campaign started, he was instructed to help Marshal Chiang Kai-shek at the front, where he developed into a skilful officer. In 1927 Gen. Chiang was made Chief Secretary and also a Standing Member of the Supervisory Committee of the Special Party Section of the Nationalist Army headquarters at Nanking. In the fall of the same year he was appointed by the Military Council Head of the Political Training Department of the 26th Nationalist Army. Next year he with his men advanced into Shantung and from that foothold participated in the fighting and propaganda which resulted in the elimination of Chang Chung-chang. This summer under instructions of Marshal Chiang Gen. Chiang returned from Chili to Nanking where he was offered a post as head of the Political Training Department of the 6th Division of the Nationalist Army, and concurrently a member of the Project Committee of the Central Political Training Department, which positions he now holds.

Mrs. Bristol Guest of Madame Chiang Kai-shek

Mrs. Mark L. Bristol, wife of the Commander of the Asiatic Squadron, U. S. Pacific Fleet, has returned to Shanghai from a visit of several days in Nanking as the guest of Gen. and Mrs. Chiang Kai-shek. While in Nanking Mrs. Bristol visited places of interest in the vicinity of the city, including the new Sun Yat-sen memorial on Purple Mountain. Admiral Bristol who is now with the U. S. Fleet which is engaged in manoeuvers at Guam and the Philippines will return to Shanghai the latter part of this month.

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National Products Exposition in Shanghai

The National Products Exposition, which is being held under the direction of Dr. H. H. Kung, Minister of Industry, Commerce and Labor, at Nantao (southern suburb of Shanghai) was formally opened November 1, and is continuing for several months. Its object is to encourage the use of Chinese goods. It is the most ambitious project of this kind ever put forward in China, far surpassing the exhibition held at Nanking in pre-Revolutionary days.

The opening address was made by Dr. Kung, other speeches being made by Dr. Tsai Yuan-pei, Gen. Chiang Kai-shek, S. U. Zau, Gen. Chang Ting-fan and others. The exhibition grounds and the various buildings were daily profusely decorated for the occasion. The exhibition of Chinese-made machinery is a most creditable one, and even a cursory glance at the exhibits will show any one that China is making rapid strides in industry, despite a customs tariff which in no way protects, and in some cases actually discriminates, against native industry. Printing presses, weighing machines, lathes, drills, electric fans, groceries and textiles of various kinds are on exhibit. The Municipality of Shanghai has contributed a most valuable exhibit. One of the most interesting models on view was that of a bridge which it is hoped that some time in the not distant future may span the Whangpoo to connect Shanghai and Pootung.

Gen. Chiang Kai-shek Urges Use of Native Goods

Gen. Chiang Kai-shek in his speech at the opening of the Exposition said that a visitor to Shanghai will be struck with the great display of foreign goods. These goods are excellent, of course, but the Chinese had to pay a great deal of money for them. Dr. Sun in his Three Peoples' Principles stated that the Chinese people spent more than one hundred and twenty million dollars annually for goods of foreign origin. This sum was a sort of tribute from a slave state to a big state. What the Chinese get from foreigners in return was insult and oppression, and as a result the Chinese have not had sufficient rice for themselves, nor sufficient cloth, and no house to live in. That is to say, the foreigners have used the economic forces to ruin China and the Chinese.

The following are extracts from General Chiang's speech: "If we continue to use foreign goods, foreigners do not need guns to shoot us; after ten years we will all starve to death. We hope that every one who attends this meeting will have this impression. When we walk out of our houses we reach the French Concession and find ourselves within the influence of foreign goods. The policemen are foreigners. We have no more liberty and independence, and it looks as though everything is to be controlled by foreigners. While the foreigners have come to insult us, the only way out for the Chinese is not to use foreign goods.

"I am 42 years of age. This is one of the most glorious occasions in my life, for here are shown Chinese goods all in one place. It is to be regretted, however, that Chinese goods are not perfect and that they are few in number. This explains why there has been no economic development, and why the principle of the 'people's livelihood' cannot be put into practice, and why every one cannot have rice, nor every one cloth, nor every one a house in which to live."

Gen. Chiang in further remarks urged his hearers not to use foreign goods, not to use foreign bank notes, and not to deposit their money in foreign banks.

SHANTUNG IMPRESSIONS AND OBSERVATIONS

(*Continued from page 376*)

Chinese for medicinal purposes.

The honey bees are pretty common, of a small kind. Then there are the butterflies. The mulberry silk-worm is common in the South and West of the province, the East and North being more particularly devoted to the oak and ailanthus silk-worms. The large green and gold spotted larva of the *Bombyx Peruyi*, called *Bombyx Fantoni*, in Italy, is the one producing the kind of silk well known as Shantung Pongee. It feeds on the leaves of a kind of oak shrub, the peculiarity of which consists in the leaves looking exactly like those of the chestnut tree. The capsule of the oak apple is large, with long scales bent outwards. The worms are reared in the open air, and when they break open their brown colored eggs, they are black but turn green after the casting of the first skin. The cocoons, of a dull yellow color, are what is termed open. The silk thread at the end corresponding to the head of the butterfly is bent in quantities of loops fastened together by a kind of gluten, so that when the moth is about to leave its prison, an acid liquor is secreted which dissolves the gluten; and the insect pushing open with its head the cocoon without breaking a single thread, the edges then appear like the end of a piece of knitting from which the needles have been withdrawn. So these cocoons before and after the eclosion are fit for use.

Men and Events

Dr. T. B. Dunn has returned to Shanghai from a holiday spent in the United States.

Donald Ting Mo-hsueh, principal of Foochow College Foochow, is visiting in Shanghai.

The American School at Shanghai has an enrollment of 444 pupils, according to a report issued during the week.

A special Armistice Day service will be held at Community Church, Shanghai, Sunday, November 11, at 10.50 a.m.

J. B. Swan, of the investment firm of Swan, Culbertson Co., of Shanghai, has returned from a business trip to the United States.

Lieutenant D. L. Erwin, of the U. S. Navy, accompanied by his wife and daughter, arrived in Shanghai from America during the week.

Hsueh Tu-pi, Minister of Health, is assiduously studying English, taking lessons from an American teacher, in preparation for a tour of foreign countries.

Charles J. Lynn, secretary and general manager of the Eli Lilly Company, Indianapolis, Indiana, pharmaceutical chemists, is in Shanghai on business.

The Tung Wen College Student Association of Shanghai held their annual athletic meeting on their field on the south side of Hungjao road November 4.

Shanghai College (formerly the Baptist College) situated in the Yangtszepoo district, will dedicate its new library with appropriate exercises November 17, at 2.30 p. m.

Quo Teh-hwa, chief of the Social Department of the Bureau of Foreign Affairs, has been appointed staff-officer to the Commissioner of the Woosung and Shanghai Forts.

J. C. Covington, of the Universal Leaf Tobacco Company, returned from a vacation in America on the s. s. *President Jefferson*, November 6, accompanied by his wife.

Han Lin-wu, who was formerly correspondent for the *Sin Wan Pao* in London, has returned to China from the United States where he has been studying at Wisconsin University.

Dr. E. J. Strick, former chairman of the Amoy Municipal Council, and at present U. S. health officer in said port, is in Shanghai for several days. He reports that road construction and widening in that neighborhood are making rapid progress.

The anniversary of the Chinese republic was observed in Washington, D. C., by Dr. Sao-ke Alfred Sze and Madame Sze holding a reception at the Chinese Legation. A special prayer for China was offered at the Protestant Episcopal Convention which opened in Washington the same day.

When the British vessel *Kungwo* was detained at Woosung beginning of the week for a special medical inspection as a precaution against cholera, the Chinese women passengers became enraged and attacked Dr. Aylward, the port medical officer, who was rescued by the captain and locked into a cabin for safety.

A telegram in the Chinese press during the week stated that information having been received by the Amoy District Kuomintang that a steamer for Shanghai had on board some 300 chests of Persian opium valued at $3,000,000, inspectors, accompanied by Customs officers, proceeded to make a search, but they found that a small launch had taken the drug away.

W. H. Walter, representative of the Automatic Electric Corporation, manufacturers of automatic telephone apparatus, of Chicago, is in Shanghai on a general trip of inspection through the Far East. Mr. Walter is accompanied by H. S. Janes, representative of the company in the Orient. They made a trip to Nanking during the week for the purpose of conferring with officials of the National Government.

The British steamer *Shasi*, belonging to Butterfield & Swire was pirated in the Yangstze river on the evening of November 3, a few hours after having left Hankow to come down river. The pirates, 32 in number, started a commotion when they were asked to pay their fares, confined the captain in his cabin, overpowered the chief mate and attacked the four foreign passengers on board, wounding an American, Henry Henvis, in the employ of the firm of L. C. Gale & Co.

Coronation of the Emperor of Japan

Japanese firms generally in Shanghai have decorated their premises on the occasion of the coronation of the Emperor of Japan, to-day, November 10. The Japanese Chamber of Commerce had suggested to the Chambers of other nationalities that they might also wish to join in the celebrations by making a similar display. Invitations have been issued the Consul-General for Japan and Mrs. Yada for a soiree to be held at the Cercle Sportif Francais, Cardinal Mercier, Shanghai, in celebration of the coronation of the Emperor of Japan, Thursday, November 15 at 9.30 p. m.

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Japanese News Reports on Chinese Situation

The following news reports are summaries of news messages dealing with the Chinese political situation and Japanese activities in China which are distributed to the Chinese and foreign press in China by the Japanese semi-official Toho News Service:

Peiping, Nov. 1.—Japan intends to take independent action regarding action of Ministry of Finance in ordering Chefoo Salt Mnfg. Co. to pay tax to Ministry of Finance direct and not through the Salt Revenue Office at Chefoo.

Tokyo, Nov. 1.—Order being prepared by Japanese government forbidding population to eat white rice.

Nanking, Nov. 1.—Mr. Arita, special Japanese delegate arrives in Nanking.

Peiping, Nov. 2.—Anti-Japanese boycott society imposes fine of 60 per cent on Japanese goods in Chinese shops.

Tokyo, Nov. 1.—Mr. Mitsuchi, Finance Minister, explains unfavorable balance of trade as being due to heavy imports of raw cotton.

Peiping, Nov. 2.—With approach of winter, population here faces most difficult time ever experienced.

Peiping, Nov. 2.—Nationalist troops from various directions commence operations against Gen. Liu Chien-nien at Chefoo, who recently shot a number of Kuomintang representatives.

Nanking, Nov. 2.—Japanese officials at Nanking call at various Chinese government offices and also pay homage at Sun Yat-sen memorial.

Peiping, Nov. 3.—Chang Chi arrives to take charge of Peiping branch of Political Council.

Tokyo, Nov. 3.—Japanese commanders along Shantung railway allow Nationalist leaders to pass 20-li zone in course of operations against Gen. Liu at Chefoo.

Nanking, Nov. 3.—Messrs. Arita, Nishida and Okamoto leave for Shanghai.

Tsingtao, Nov. 2.—Consul-General Fujita proceeding to Shanghai next Tuesday.

Shanghai, Nov. 4.—Mr. Arita, Chief of Asiatic Bureau, arrives in Shanghai, and states that his trip to Nanking was "merely to inspect political conditions."

Tokyo, Nov. 4.—*Asahi* in editorial states that if there is no hope for a favorable turn in Sino-Japanese situation, it would be far wiser for Japan to discontinue negotiations.

Nanking, November. 4.—Conversations between Japanese delegates at Nanking and Chinese reported not to have touched Tsinan incident, but local problems, including repairs to Yellow River bridge and telegraph connections between Tsinan and Taian, concerning which agreement was reached.

Kyoto, Nov. 5.—This, the ancient capital of Japan, has prepared everything to welcome the Emperor and Empress of Japan scheduled to arrive here November 7.

Tientsin, Nov. 5.—Three companies of Japanese infantry and the corps of railways, communications and armored cars depart from here for Japan.

Tsinan, Nov. 6.—Two Japanese delegates proceed to Tsingtao to ask Japanese Foreign office representatives not to withdraw Japanese expeditionary forces from Shantung at the present time.

Peiping, Nov. 5.—Chang Chi, at a banquet given by Gen. Yen Hsi-shan, states that he does not wish to accept post of chairman of Peiping branch of Political Council, so that Gen. Yen will probably remain in office himself.

Tokyo, Nov. 5.—Ministry of Communications starts a system of urgent press messages to China.

Peiping, Nov. 6.—Gen Pei Tsung-hsi, having been offered the ruling power of Sinkiang, asks as a preliminary to his accepting that an organ to discuss national defense shall be established and the number of soldiers decided upon, etc.

Tokyo, Nov. 6.—Finance Department issues following statistics of October trade with China: Exports, Yen 47,154,000; imports, Yen 22,577,000 Excess of export Yen 24,577,000. Total for year to end of October: Exports, Yen 455,686,-000; imports, Yen 312,073,000.

From the Chinese Press

(News items pertaining to Chinese politics and general affairs appearing under this heading, are taken chiefly from the daily reports of the Kuo Wen (independent) Kuo Min (Nanking official), Ta Chung (Kuominchun) and from translations of articles and dispatches appearing in the local Chinese press).

Thursday, November 1.—Hsueh Tuh-pi hands over Ministry of Interior to Chao Tai-wan.—C. P. C. holds 161st meeting.—Official opening of Central Bank at Shanghai takes place, T. V. Soong, governor of bank, making the address of welcome.—Admiral Yang Shu-chwang leaves Amoy for Nanking to assume post as member of State Council.—Feng Yu -hsiang, now at Nanking where he intends to remain indefinitely, proposes visit to Shanghai in near future.—Southern Kwangtung purchases four airplanes in order to start commercial air service.—Wang Chung-hui and Chang Chi installed as president and vice-president of judicial *yuan* and Koo Ying-fen as chief political official of the State Council.

Friday, November 2.—Standing Committee of C. E. C. passes new regulations governing election of overseas delegates.—Wu-Han special municipal committee inaugurated.—Intelligence office opened at Taku to detect Communists about to board ships.—Shanghai to erect memorial pagoda to commemorate Revolutionary victory.—New Kiangsu provincial government to be inaugurated shortly.—Ma Shu-lien assumes office of Vice-Minister of Education.—Hsin Shih-lien, special Fengtien delegate arrives at Nanking to arrange for hoisting of National flag, etc.—Dr. C. T. Wang denies rumor that Mr. Arita will replace Mr. Yada in forthcoming Sino-Japanese negotiations.—National Opium Suppression Conference holds inaugural meeting at Nanking.—Translation issued of regulations governing registration of party members.—Hunan province issues regulations for suppression of opium.—Yi Pei-chi, Minister of Agriculture, petitions for inspection office to be established for goods to be exported abroad.—Standing committee of C. E. C. holds 180th meeting.

Saturday, November 3.—$220,000 remitted from N. Y. for famine relief in Shantung.—Hopei province appoints commanders for various bandit suppression forces.—Hu Han-min, Tai Chi-tao and Miao Bin assume office as standing committee of mass training department of Central party headquarters.—Ministry of Communications appoints a committee to study international telegraph agreements so as to facilitate negotiations for the conclusion of new contracts with foreign telegraph campanies in China.—Soochow raised to a municipality.—Importation of toy pistols to China prohibited, following request by Shanghai Municipal Council—State Council holds 5th meeting at Nanking, among other business transacted being adoption of state seal to be made from jade, and another from silver, the former only to be used on state documents.—Two hundred "white" Russian troops are brought under escort from Tangshan to Peiping.—Through train service between Peiping and Mukden provided for in negotiations recently concluded between railway delegates and authorities at Peiping.—Military conference to be held at Nanking December 1, Chiang Kai-shek instructing all military commanders to be present.—Huang Shih-chin, Anti-Japan Association representative, petitions Chiang Kai-shek for firm stand by Chinese in future negotiations with Japan.

Sunday and Monday, November 4 and 5.—Mr. Edwardes, officiating inspector-general of customs, is informed that he is directly responsible to the director-general of customs.—Dr. C. T. Wang entertains visiting foreign diplomats at Nanking.—Translation issued of regulations governing organization and function of National Research Council.—Ministry of Foreign Affairs protests to Dutch government against action of Dutch East Indian authorities in deporting and suppressing National representatives.—Member of C. E. C. standing committee states that the third national congress of the Kuomintang called for January 1, 1929, will probably be postponed to a later

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Mukden, Nov. 6.—Governor Mo Te-hui of Mukden province proceeds to Japan to attend coronation ceremonies.

Nagasaki, Nov. 6.—Mr. Arita, chief of the Asiatic bureau, arrives here, back from Nanking, and proceeds to Kyoto to report to Premier Tanaka.

Shanghai, Nov. 7.—Mr. Yada, Japanese Consul-General proceeds to Nanking and is expected to return next day.

date.—Shanghai-Nanking railway announces resumption of through service between Shanghai and Peiping.—Kiangsu provincial government prepares to celebrate Sun Yat-sen's birthday (Nov. 12).—Kwangsi provincial conference to be held December 1.—Gen. Liu holds review of 1st division at Hsuchow.—Central Hospital being planned at Nanking by Public Health reconstruction committee.—Overseas Affairs committee to open branch offices in Straits.—1st Group Army at Tientsin being reorganized and reduced.—Hupeh provincial government donates $10,000 for famine relief.—Roads from Soochow to Wukiang and Kwangfu nearing completion.—Gen. Ma Fu-hsiang confers at Peiping with Gen. Yen Hsi-shan concerning forthcoming national military conference.—Gen. Pei Tsung-hsi announces receipt of $200,000 from Chang Hsueh-liang to buy fur coats for troops in north-eastern territory.—Chiang Kai-shek preparing for an inspection tour of army groups in various provinces.—Examination for diplomatic and consular posts begins at Nanking University.

Tuesday, November 6.—Ministry of Agriculture and Mining fixes minimum wage of miners at thirty cents per day.—Chang Ching-kiang, Chairman of National Reconstruction Committee, concludes agreement with American Radio Corporation for two radio stations one at Shanghai and the other inland, at a cost of $170,000.—Gen Pei Tsung-hsi orders two divisions to repair motor road between Lwan-chow and Tungchow,—Gen. Chang Chen calls meeting of bandit suppression commissioners in Hopei so as to formulate uniform measures of suppression.—Chiang Kai-shek warns local financial organs against requisitions from military units without special permission from Central authorities.—Overseas Affairs Committee at Nanking asks for restoration of national rights of Chinese when new treaty is made with Netherlands.—Wuhan C. P. C. asks for early completion of unfinished section of Hankow-Canton railway.—Nanking Chamber of Commerce asks for more railways to connect Nanking with other important cities in the country, particularly urging line to Changsha.—Gen. Pei Tsung-hsi proposes further measures to Nanking government in connection with his proposed trip to Sinking.—Sun Fo, Minister of Railways, states in interview that a labor relief committee for the northwest is being organized.—Chang Kai-shek entertains Admiral Yang and other notables at dinner.—Ministry of Finance requests F. W. Maze Commissioner of Customs at Shanghai, to submit report on method of medical examinations to prevent cholera.—Honan provincial government forbids use of millet for making wine as same is needed for food.

China Central Research Council Organized

The National Government has estabished a Central Research Council to conduct scientific researches and to direct and encourage academic research work. The Council will be directed by a director, who will be assisted by a chief secretary and a deliberative committee.

The following research bureaus have been established: Physics, Chemistry, Civil Engineering, Geology, Astronomy, Meteorology, History and Languages, Chinese Literature, Archeology, Psychology, Education, Social Science, Zoology, and Botany—fourteen in all.

The minimum endowment fund for the Central Research Council has been fixed at $5,000,000. Honorary members are divided into two groups: (1) Personal members, which include technical experts who have made inventions or notable contributions in their respective fields; and (2) group members, which include scientific societies and similar organizations.

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In the United States Court for China

OLGA I. WOHLMAN, Plaintiff,
vs
MORRIS WOHLMAN, Defendant.

Cause No. 3115
Civil No. 1331
ORDER
Filed at Shanghai, China
20 Oct. 1928
L. T. KENAKE
Assistant Clerk.

The object of this suit is an action for divorce.

WHEREAS plaintiff herein, by her attorney, has this twenty seventh day of September 1928 made application for the substitution of publication for personal service of summons upon defendant herein; and

WHEREAS it appears from the files of this case that on the 27th day of September 1928, the summons for the defendant was returned by the Marshal of the United States Court for China "Defendant cannot be found within the jurisdiction of this Court"; and

WHEREAS it appears from the files of this case that on the 27th day of September 1928 OLGA I. WOHLMAN, the plaintiff herein, filed an affidavit to the effect that the defendant herein was not residing in the Republic of China nor has he been within the jurisdiction of this Court during the last six months previous to the 27th day of September 1928, NOW, THEREFORE, it is this 20th day of October 1928 ORDERED that the defendant cause her appearance to be entered herein on or before the fortieth day, exclusive of Sundays and legal holidays, occurring after the 10th day of November 1928, the day of the last publication of this order; otherwise the case will be proceeded with as in cause of default.

BY THE COURT,

MILTON D. PURDY
JUDGE

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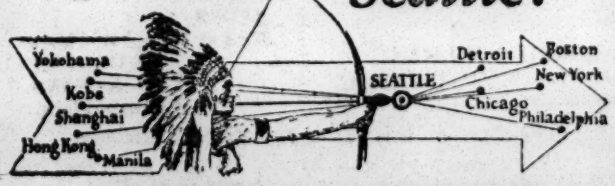

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GATEWAY TO AMERICAN MARKETS

New Books of Interest in the Far East

"Underground" Work in War Time

Spy and Counter-spy by Richard Wilmer Rowan. The Viking Press, New York, N. Y. G. $3.50.

The title of Mr. Rowan's book, "Spy and Counter-Spy", is sufficient to win for it a wide group of readers. A "spy" is associated in the popular mind with the subtle machinations of secret agents, and the romantic exploits of clever and attractive women who are prepared to go to any extreme to gain their end.

Espionage, which is simply a less ugly word for spy, *is* tinged with romance, and with adventure, and danger. It becomes a synonym for "death" to those adventurous souls who enter upon it lacking the essentials of discretion and of their fair share of luck. It is not often that the public is taken into the confidence of one possessing an intimate knowledge of the peregrinations and professional technique of spies. While all nations employ spies in a greater or lesser degree, no country cares to have the methods, successes and failures of her secret agents divulged.

Richard W. Rowan, who exposes many of the phases of international intrigue in his book "Spy and Counter-Spy" is thirty-five years old, and studied at Brown and Columbia Universities. His reputation as a writer was established when he "made" the *Saturday Evening Post* at the age of seventeen. Prior to the World War he became interested in European politics. Subsequent to the war, during which he served in the Chemical Warfare Service, he made a series of investigations of war propaganda and espionage. This book represents the result of some of his inquiries.

The book is divided into three parts, which are entitled, respectively, Espionage, Counter-Espionage, and Celebrated Secret Agents. The subject matter, which is in itself sufficiently diverting to hold the reader's interest, is enhanced by the easy, free-flowing style of the author.

Some conception of the role played by espionage during the last war may be had by a glance at the following figures: No less than 20,000 trained spies and secret agents were employed by the Allies, while the Central Powers had approximately 25,000. These figures do not take into consideration the civil population of such occupied areas as Belgium, Serbia, Roumania, Poland and Northern Italy, who were potential spies for the Allies.

While counter-espionage did not reach corresponding proportions, it did, in many instances, become a more effective organization than espionage. Towards the end of the war the British and French counterespionage became so effective as to, in a sense, be on the offensive, nullifying the intelligence work of the Central Powers.

Perhaps one of the most picturesque, surely the most ruthless, of the German spies during the war was a woman who came to be known to the French, who were her chief adversaries, as Mademoiselle le Docteur. The mistress of a Prussian General, she was placed by him, when he was ordered to the front, in the intelligence service in order that she might be kept amused. Her amusement became one of the fearful innovations of the war. She was placed in charge of espionage in the zone of the interior, *i. e.*, well behind the enemy lines, and made her headquarters at Antwerp, from where she despatched her agents. So jealously did she guard the discipline of her force that she instituted a system of spies who spied upon her own operators, and reported upon their loyalty and ability. She regarded indiscretion and lack of finesse to be as destructive to her interests as disloyalty, Frequently she did not hesitate to encourage her agents who developed such weaknesses to play into the hands of the enemy. When the tank was first being developed in England she received reports of this innovation of the enemy. These reports she sent to a Lieutenant-Colonel who had been assigned to her as a technical advisor,

H. B. Campbell

46 Szechuen Road,
Shanghai.

He returned each of them with a notation to the effect that the idea of such a weapon being of any value on the modern battlefield was preposterous and utterly fantastic. When the tanks were first used on the eastern Front with such disastrous effect on the Germans, Mademoiselle le Docteur drew all her previous reports on them from the files and sent them, together with a pistol, to the Lieutenant-Colonel. He accepted the obvious suggestion and committed suicide.

Among other famous spies whose experiences are recorded are Mata-Hari, Schulmeister, Steiber, and Lafayette Baker. Considerable space is devoted to communication, which is considered to be the most important cog in the espionage machine. In over 90% of the cases of exposure, the cause lies in faulty communication. E. F. C.

Philosophers and Their Philosophies

Contemporary Thoughts of Japan and China, by Kyoson Tsuchida. New York: Alfred A. Knopf.

Along with her changed outlook on life Japan has taken an interest in the Western thought, and adopted much out of it. The thought of a people is an index of its progress, and indicates the value it attaches to the social, political and economic and religious aspects of its life.

In this little book, which is a part of the Library of Contemporary Thought edited by Dr. Tudor Jones we find an interesting account of the development of modern thought in Japan. Evolutionary philosophy influenced Japan through the writings of Hiroyuki Kato of the Meiji era. He wrote on the antagonism between teleological and the casual views of life. Kato was a materialist who taught that charity and humanity which transcend the State can not be our absolute ideal. "War is most important to civilization for its development." Kato justified competition and also invasion of the uncivilized or weak state by the civilized state. Sinichiro Nishi turned the thought of the people to another direction by teaching a moral philosophy of higher value. Masanao Nakamura gave a new idealism to the people on the lines of Kant and his works became popular.

After the Russo-Japanese war the study of William James became popular in Japan, but soon afterwards works of more idealistic form appeared from the pen of Tomonaga, who wrote on ontological problems with considerable lucidity. The latest development in Japanese thought is the criticism of civilization and social thought. The social conditions in Japan where the people are not allowed to study what they like in socialism and where any thought which is not to the liking of the men in power is called dangerous, turned the thoughts of some writers to Kuropatkin, and Marx. Among them the name of Osugi Sakai who was killed at the time of the last earthquake stands high. Abe and Kita are also remarkable. Kita says, "A democracy which holds liberalism as its content is the right road for politics."

Among social thinkers Manjiro Hasegawa and Ikuo Oyama who founded a society called the "We" are read with interest. These writers are worshippers of facts and hold that thought occupies a secondary position. The late Kiang Yu-wei was the father of the new movement in China. He discarded the old traditionaism and founded a sort of anarchic system of thought. His great opponent, Chen Tu-shu, the founder of the Chinese Communist Party is also a leading light with Hu-Hsi. Though Mr. Chen is a communist, but his contributions have enriched the modern literature of China. Ku Hung-ming, a great scholar and writer held conservative views and condemned the western civilization wholesale. He stood for beauty and intelligence as the basis of civilization, and found little beauty in the "machine-civilization" of to-day. Liang Sou-ming of the Peking university has written a book called," "Eastern And Western Civilizations And their Philosophies" which is read by scholars with admiration. This thinker holds that the present is the age in which civilization is westernized, but in the future it will turn back to the Chinese and ultimately to the Indian form. Hu Shih is a pragmatist. He has not yet given form to his system, according to some Chinese scholars his criticism of philosophy "is not really thoroughgoing." H. P. S.

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Shanghai.

American Gold Bond Quotations

Name of Security	Coupon Rate %	Date of Maturity		Sale Price Nov. 8	Approx. Yield to Maturity
Argentine Government..	6%	May 1,	1960	100	6.00
U. S. of Brazil	6½	„ Oct. 15,	1957	96¼	6.78
Republic of Chile.....	7	„ Nov. 1,	1942	102⅛	6.72
Republic of Chile.....	6	„ Jan. 1,	1961	93¼	6.50
Republic of Finland.....	7	„ Mar. 1,	1950	100¼	6.98
Finnish Guaranteed Municipal Loan.....	6½	„ Oct. 1,	1954	99	6.58
French Government.....	7	„ Dec. 1,	1949	107¼	6.37
German Government....	7	„ Oct. 15,	1949	106¾	6.41
Kingdom of Italy.....	7	„ Dec. 1,	1951	96¾	7.29
State of Minas Geraes (Brazil)	6½	„ Mar. 1,	1959	95	6.90
Republic of Peru	7	„ Sep. 1,	1959	102	6.84
Republic of Peru	6	„ Dec. 1,	1960	91¼	6.66
City of Vienna.....	6	„ Nov. 1,	1952	87⅞	7.05
Mortgage Bank of Chile	6½	„ Jan. 30,	1957	98⅛	6.62
Mortgage Bank of Chile	6	„ Apr. 30,	1961	94	6.44
German General Electric Co.	7	„ Jan. 15,	1945	103	6.69
German General Electric Co.	6	„ May 1,	1948	93½	6.60
Central Bank for Agriculture	6	„ Apr. 15,	1938	92½	7.14
Saxon Public Works, Inc.	6½	„ May 1,	1951	94⅜	6.97
Saxon State Mortgage Institution.....	7	„ Dec. 1,	1945	99⅛	7.05
Saxon State Mortgage Institution.....	6	„ Sep. 15,	1947	91	6.85
Tokyo Electric Light Co	6	„ Jun. 15,	1953	91	6.76
Chicago Rapid Transit Co.....	6½	„ July 1,	1944	96	6.92
Chicago Rapid Transit.. Co.....	6	„ July. 1,	1953	90	6.85
Republic of Panama....	5	„ May 15,	1963	95⅛	5.28
Savoy Plasa Corporation	5½	„ Feb. 1,	1938	97	5.94
Dominion Square Corp.	6	„ Apr. 1,	1948	100	6.00
Firestone Cotton Mille..	5	„ Mar. 1,	1948	93½	5.55
Camaguey Sugar Co....	7	„ Oct. 15,	1942	98⅛	7.17
Container Corp. of..... America.....	5	„ June 1,	1953	91¾	5.62
Goodyear Tire & Rubber Co.....	5	„ Maa 1,	1957	93	5.49
Ilseder Steel Corp.....	6	„ Aug. 1,	1948	92	6.73
Pittsburgh Hotels Corp.	5	„ Mar. 1,	1948	98	5.67
Rhine Westphalia Elec. Power Corp.	6	„ May 1,	1952	92	6.68
American Commercial.. Alcohol Corp. "A"....	6	„ Apr. 1,	1943	94½	6.60
State of Rio Grande Do Su l(Brazil)	6	„ June 1,	1968	94	6.42
American Power &..... Light Co.	$5	Pfd. Stock		86⅜	5.78
George A. Fuller Co... Cum. & Poptg.....	$6	Pfd. Stock		100	6.00
General Mills, In,.....	6	„ Cum. Pfd.	Stock	99	6.06
Kendall Co. (With Stock Pchse. Wts.).....	$6	„ Cum. Pfd.	Stock	98	6.12
Postal Telegraph & Cable Corp.....	7	„ Non-cum. Pfd.	Stk.	103	6.80

The National City Company National City Bank Building 2A Kiukiang Road Shanghai, China.

CUSTOMS NOTIFICATION

No. 1138

The attention of the public is drawn to an Order issued by the Nanking Military Council to the effect that the importation of toy guns and pistols is temporarily prohibited. The prohibition necessarily covers accessories, such as parts, slugs, darts, etc.

F. W. Maze,

Commissioner of Customs.

CUSTOM HOUSE

Shanghai, 6th November, 1928.

Shanghai Exchange for Week Ending Wednesday, 7th November, 1928

Exchange:—Since this day last week the price of Bar Silver in the London market has declined $\frac{1}{16}$d. and is to-day quoted at 26 $\frac{11}{16}$d for spot and 26$\frac{3}{4}$d for two months forward delivery. There appears to have been little support in the worlds silver markets, but owing to small offerings the price has been well maintained.

A steady tone has prevailed in the local market throughout the week, but very little business has been effected in either exports or imports, and in view of the stagnant state of trade at present, only slight fluctuations in rates of exchange can be looked for in the near future. Speculators have shown little inclination to operate on a large scale recently.

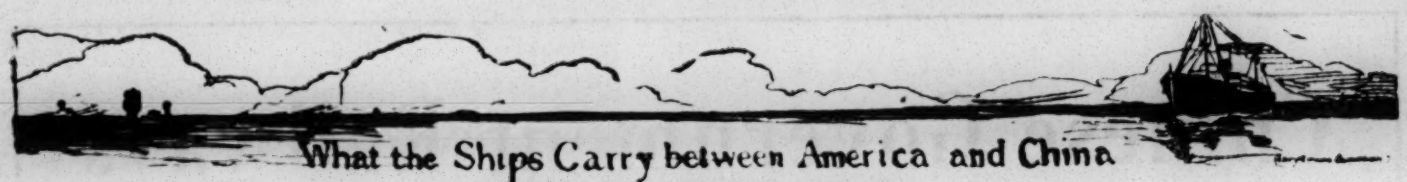
The market closes to-day quietly steady and the following rates are the best available, T/T on London 2/7 $\frac{11}{16}$., On New York 64, Yens 72$\frac{7}{8}$., November delivery.

Our stocks of silver are reported as follows:—
Sycee and Bar Silver ..... Tls. 66,358,000 an decrease of Tls. 278,000
Chinese and Mexican Dollars..... $ 78,920,000 an increase of $ 1,550,000
Estimated value Tls. 123,180,000 as against Tls. 116,275,000 held at this time last year.

	Average rates for Oct.	Thursday. Nov. 1st	Friday Nov. 2nd	Saturday Nov. 3	Monday Nov. 5	Tues. Nov. 6	Wed. Nov. 7
Bank's selling rates		*opening* *closing*	*opening* *closing*	*opening* *closing*	*opening* *closing*	*opening* *closing*	*opening* *closing*
T/T London	2/7.442	2/7$\frac{7}{8}$	2/7½	2/7½	2/7½	2/7½	2/7½
D/Dfts „	—	2/7$\frac{9}{16}$	2/7$\frac{9}{16}$	2/7$\frac{9}{16}$	2/7$\frac{9}{16}$	2/7$\frac{9}{16}$	2/7$\frac{9}{16}$
4 m/s „	—	2/7¾	2/7¾	2/7¾	2/7¾	2/7¾	2/7¾
T/T India	173.808	174	174	174	174	174	174
T/T France	1,625.185	1630	1630	1630	1630	1630	1630
T/T N. Y.	63.856	63⅝	63⅝	63⅝	63⅝	63⅝	63⅝
T/T Demand		63¾	63¾	63¾	63¾	63¾	63¾
T/T Hamburg		267	267	267	267	267	267
T/T H'kong	78.577	78⅛	78⅛	78½	78½	78½	78⅝
T/T Japan	72.894	73⅜	73⅞	73¾	73⅜	73⅜	73⅜
T/T Batavia	160,000	158¼	158¼	158¼	158¼	158¼	158¼
T/T Straits	89.413	89¼	89¼	89¼	89¼	89¼	89½
Bk's buying rates 4 m/s B/L. Cred. D/A	2/9.442	2/9⅛	2/9½	2/9½	2/9⅞	2/9½	2/9½
4 m/s „ D/P	—	2/9⅝	2/9⅝	2/9⅝	2/9⅝	2/9⅝	2/9⅝
6 m/s „ B/L Cred D/A	2/9.362	2/9$\frac{13}{16}$	2/9$\frac{13}{16}$	2/9$\frac{13}{16}$	2/9$\frac{13}{16}$	2/9$\frac{13}{16}$	2/9$\frac{13}{16}$
4 m/s B/F Cred D/A or D/P	1,695,385	1700	1700	1700	1700	1700	1700
4 m/s N.Y.Lc.	66.760	66⅞	66⅞	66⅞	66⅞	66⅞	66⅞
4 m/s „ Docs	—	67⅛	67⅛	67⅛	67⅛	67⅛	67⅛

†Based on Daily Official quotation, higher rate taken on rising Market, lower when falling.	Nov. 1	Nov. 2	Nov. 3	Nov. 5	Nov. 6	Nov. 7
Bullion.						
*London Price of Bar Silver per oz. (English Standard 925 touch)...Pence	26¾	26⅝	26¾	26$\frac{13}{16}$	26¾	26$\frac{11}{16}$
**New York Price of Bar Silver per oz. (Pure)	G. $.58	G. $.58⅝	G. $.57⅝	G.$.58	G.$.58	G. $ Holiday
Shanghai Price of Gold Bars (weight Tls. 10 (Chauping) 978 touch).....	Tls. 361	Tls. 357^{50}	Tls. 356^{90}	Tls. 358^{40}	Tls. 357^{90}	Tls. 357
Shanghai Silver Bars (weight Tls. 100(C.)999 touch)	110^{90}	110^{90}	110^{90}	110^{90}	110^{90}	110^{90}
Shanghai Mexican Dollars per $100.....	72.475	72.4625	72.55	72 5	72.45	72.475
Native Bank Rate of Interest (Call money).....	4%	3½%	4%	5%	4%	3½%
*Closing Price in London for Previous day						
**Closing Price in New York for Previous day						

Bank of England rate of discount	4½%	London Paris on	T/T 124.15
Bank of France rate of discount	3½%	New York on London	T/T 484$\frac{13}{16}$
London open Market of Dis. 3 m/s	4$\frac{7}{16}$%	Bombay on London	T/T 1/6$\frac{1}{16}$
„ 4 „	4$\frac{7}{16}$%	Hongkong on London	T/T 2/0¼
„ 6 „	4⅜%	Kobe on London	T/T 1/10$\frac{15}{16}$



What the Ships Carry between America and China

Return of the Shanghai Customs

Pls.—1 Picul or 133 1/3 pounds; Bls.—Bales; Pcs.—Pieces, Mille—thousands; Hk. Tls.—Haikwan Tls.; Nov. Customs Rate Tls. 1.39 equal Gold $1

GOLDEN WEST, Sept. 18.
From U. S. A.

Asphaltum	Pls.	3,234
Canned Fruits, Table & Pie	,,	50
Gasolene, in bluk	Galls.	30,250
Oil, Kerosene:		
American, in bulk	,,	270,000
Paints, Unclassed	,,	1,556
Turpentine, Mineral	,,	1,250
Drums	Pcs.	5,550

MONTANA, Sept. 24.
From U. S. A.

Timber, Softwood:		
Rough Hewn	Sup.ft.	151,521
Ordinary, Sawn	,,	1,739,399
Merchantable	Sup.ft.	381,868
Clear	Sup.ft.	67,970

INDEPENDENCE, Sept. 25.
from U. S. A.

Lead-foil and Tinfoil	Pls.	590
Cotton Raw	Bls.	3,700
Steel, Bamboo	,,	13,279
,, Hoop Ends	,,	1,240
Steel, Galvanized:	,,	537
Wire Shorts	,,	2,027
Tinned Plates, Plain	,,	605
Carbon Black	,,	211
Gum Resin	,,	240
Starch,	,,	840
Tobacco, Leaf	,,	255
Wax, Paraffin	,,	15,864
Bedsteads	Pcs.	10
Oil, Lubricating, Mineral	Galls.	30,120

BRAND, September 27.
From U. S. A.

Timber, Softwood:		
Logs	Sup.ft.	98,781
Ordinary, Sawn	,,	4,540,156
Manufactured, Clear	,,	67,814
,, Merchantable	,,	68,265

TACOMA, Oct 1.
From U. S. A.

Gasolene, Mineral, in bulk	Galls.	705,427
Oil, Lubricating, Mineral	,,	563,826

PRESIDENT HAYES, Oct.1.
from U. S. A.

Cotton Cambrics, White, 46 in. by 12 yd.	Pcs.	384
Cotton Flannel, Yarn-dyed	,,	32
,, Shirtings, Printed	,,	30
Motor-cars	,,	29
Lemons, Fresh	,,	6,300
Waterproof Cloth	Yds.	617
Cotton Piece Goods, White or Dyed, Unclassed	,,	6,292
Cotton Blankets	Pls.	2
Cotton Knitted Clothing, Raised	,,	16
Wool and Cotton Yarn	,,	8
Artificial Silk Yarn	Pls.	75
Aluminium Sheets	,,	313
Brass Screws	,,	5
Aluminium-foil	Pls.	25
Tinfoil	,,	2
Iron and Steel, Ungalvanized:		
Bolts and Washers	Pls.	15
Box Strappings	,,	31
Chains	,,	6
Iron and Steel, Galvanized:		
Wire Shorts	,,	420
Wire Cloth	,,	3
Zinc Plates	,,	8
Borax, Crystal	,,	42
Canned Goods:		
Asparagus	,,	22
Fruits	,,	155
Cement	,,	705
Fruits, Fresh:		
Apples	,,	228
Grapes	,,	29
Oranges,	,,	328
Grease, Lubricating, Mineral	,,	30
Indigo Paste, Artificial:		
20 per cent.	,,	1,450
50 ,,	,,	57
Leather, Calf	,,	5
Leather, Cow,	,,	32
,, Patent	,,	10
Paper, Blotting	,,	164
Paper, Boxboard	,,	463
,, Writing	,,	167
,, Unclassed	,,	138
Ink, Printing	,,	40
Raisins	,,	1,765
Sulphur Black	,,	816
Tobacco, Prepared	,,	320
Coffee	Catties	162
Shoes, Canvas, with Rubber Sole	Pairs	760
Baking Powder	Doz.	1,079
Files	Doz.	500
Cigarettes	Mille	2,665
Oil, Lubricating, Mineral	Galls	4,348
Dyes, Aniline Pkgs, 192	Hk.Tls.	10,217
Motor-cars, Parts of	Hk.Tls.	5,297
Machinery	Hk.Tls.	95,653
Treasure:		
Gold Bars	,,	79,882
Silver Bars	,,	1,641,823
Silver Bullion	,,	222,248

From Cuba,

Cigars	Mille	4

SILVERGUAVA, Oct. 4.
From U. S. A.

Cotton Cambrics, White	Pcs.	378
Steel, Tool	Pls.	329
Tinned Plates, Plain	,,	840
,, ,, Scraps	,,	406
Apples, Fresh	,,	15
Borax, Refined	,,	165
Cotton, Raw	Bls.	1,517
Gum Resin	Pls.	4,685
Indigo Paste, Artificial:	,,	2,181
20 per cent	,,	2,060
50 ,,	,,	164
Leather, Sole	,,	154
Oranges, Fresh	,,	121
Paper, Coated	,,	1,011
Sulphur Black	,,	1,227
Tobacco, Leaf	,,	10,194
Varnish	Galls	216
Cigarettes	Mille	90,000
Motor-cars, Parts of	Hk.Tls.	3,410
Treasure:		
Gold Bars	Hk.Tls.	496,674

Latest New York Stock Exchange Quotations

Tel. 18891-18990 Nov. 6

Market Closes Strong Business done 3,461,600

STOCK	Saturday Nov 3.	Monday Nov. 5
Allied Chemical & Dye (Common)	227	229½
American Can (Common)	108	110¼
American Radiator	173	173
American Smelting	264¾	267⅛
American Telephone & Tel. (Common)	184¾	185⅞
American Tobacco "B"	None	170
Armour & Co. "A"	18⅛	18⅛
Armour & Co. (Ill.) 7% Pfd.	None	84
Anaconda Copper	89	89⅞
Bancitaly Corp.	119	119⅛
Bank of Montreal	382	382
Bethlehem Steel (Common)	66	67⅜
Bethlehem Steel, 7% Pfd.	119½	120
Brooklyn-Manhattan Transit	None	66⅜
Calumet & Hecla	42½	43¾
Canadian Pacific Railway	218	220½
Canada Dry Ginger Ale	77	77½
Cavanaugh Dobbs	None	None
Chicago Great Western Railroad	31⅛	32
Chile Copper	58⅞	59⅛
Chrysler	124⅝	127⅜
Consolidated Gas of New York	79⅞	82
Coty Incorporated	275¼	280
Davison Chemical	58	59¼
Du Pont de Nemours E. I. (Common)	435	435
Eastman Kodak	180	181¾
Electric Investors	67⅜	69⅞
Fox Film "A"	96⅞	96⅞
General Cigar	60	61
General Electric Co.	167¾	169¼
General Motors	220¾	221
General Railway Signal (Com.)	101⅞	102¾
Gold Dust	101⅞	101⅞
Granby Consolidated	77	78⅜
Hudson Motor Car	83	84⅛
Industrial Rayon	138	135
International Cement (Common)	77½	77⅜
International Match, Pfd.	99½	101½
International Nickel (Common)	189½	190⅝
International Printers Ink	49	50
International Products Corp. (Common)	None	13
International Products Corp., Pfd.	None	None
Kelvinator	13¾	13½
Kennecott Copper	122⅞	128
Liggett & Myers, Class "B"	89⅞	90
Lorillard Company (Common)	27⅛	27½
Madison Square Garden	22	22
Mengel Co.	35½	35½
Missouri Pacific By.	68	69
New York Air Brake Co.	40⅞	41
Pacific Gas & Electric Co.	49¾	52
Packard Motor Car Co. (Common)	94	94⅞
Pennsylvania Railroad	64	64⅜
Radio Corporation	227	234
Reynolds Tobacco, "B"	148¼	148¾
Sears, Roebuck & Co.	153	154⅞
Standard Gas & Electric (Common)	72⅜	73½
Standard Oil of California	63	64
Standard Oil of Indiana	80	83⅞
Standard Oil of New Jersey	48⅛	50
Standard Oil of New York	36	37⅜
Texas Corporation (Common)	68½	68⅞
Texas Gulf Sulphur	70	70½
Timken Roller Bearing	142¾	145
Union Carbide	190	190½
Union Pacific Railroad (Common)	208½	209½
United States Leather	57¾	58⅜
United States Realty & Imp Co.	80⅛	79
United States Rubber (Common)	40⅜	40
United States Steel	160⅞	162½
Vanadium Corp.	84⅞ Ex Div	86
Victor Talking Machine (Com)	121½	126½
Wright Aeronautical	163¼	175¾

Chinese Government Railways

Peking-Hankow Line

"The Road Through the Heart of China"

For the safety of the travelling public, guard vans with armed police are provided for every train and more than 400 armed railway policemen are on duty at the various large stations.

To facilitate the passengers in making fast connections, local trains are run between Chengchow and Chang Teh and between Hankow and Kouang Choei.

To meet the demands of the travelling public, third class tickets are sold on the Special Express Trains running between Hankow and Chengchow with only a small additional charge.

For the comfort and convenience of the passengers, the Dining and Sleeping cars are newly embellished with all modern improvements.

For quick transportation of goods, many additional freight trains are scheduled under the supervision of our Traffic Department.

In spite of the urgent demand for troop trains, our regular trains are always operated on scheduled time.

TIME TABLE

TRAIN	DEPART FROM	ARRIVE AT
* 1 Express	Hankow (T.C.M.) Every Monday 10 P.M.	Chengchow Every Tues. 6:55 P.M.
+ 2 Express	Chengchow Every Thurs. 10 P.M.	Hankow (T.C.M.) Every Fri. 8:40 P.M.
‡ 5 Local	Hankow (T.C.M.) 6:10 P.M. Daily	Chengchow 6:43 A.M. Third Day
6 Local	Chengchow 7:15 P.M. Daily	Hankow (T.C.M.) 6:48 A.M. Third Day
51 Local	Chengchow 8:00 A.M. Daily	Chang Teh 5:00 P.M.
52 Local	Chang Teh 8:23 A.M. Daily	Chengchow 5:45 P.M.
74 Local	Hankow (Y.T.M.) 7:30 A.M. Daily	Kouang Choei 1:38 P.M.
75 Local	Kouang Choei 8:00 A.M. Daily	Hankow (Y.T.M.) 2:10 P.M.

REMARKS: *With First and Second Class Sleeping and Dining Cars. +Third Class tickets are sold on this train with a small additional charge. ‡With 1st, 2nd, 3rd Class Cars and Dining Cars.

Telegraphic Address "KINCO" Code A. B. C. 5th Edition. For further information, address Hankow Line, Managing Director, Peking-Hankow.

Lung-Hai and Pien-Lo Lines

In Operation: From Tapu (Haichow) to Lingpao: 825 Kilometers

In Construction: From Lingpao to Sianfu: 225 Kilometers

"The Great Overland Route in China"

This Line will soon become the most important Railway in China, connecting as it will, the remote provinces of Kansu, Shensi and Honan with the sea and passing through the ancient and famous capitals of Lanchow, Sian, Loyang and Kaifeng.

There are many points of historical interest to visit along the line, the best known being Lung-Men with its gigantic display of carved stone Buddhas, dating back from the introduction of Buddhism into China, some 2000 years ago.

The Lunghai and Pienlo Lines are connected at Hsuchow with the Tientsin-Pukow Railway and at Chengchow with the Peking-Hankow Railway.

An "Express" train runs thrice a week between Hsuchow and Chengchow leaving Hsuchow Monday, Wednesday and Friday, and leaving Chengchow Tuesday, Thursday and Saturday. This train is provided with 1st and 2nd class cars, sleeping and dining accommodations.

For further particulars, intending passengers are requested to apply to the Shanghai Office, Lunghai Railway Administration, at the Chung-Foo Bank Building, 25 Jinkee Road.

Shanghai

Kiangnan Dock & Engineering Works

Engineers, Boilermakers and Shipbuilders

SHANGHAI

Telephone:
C. 1676 & 1678

—

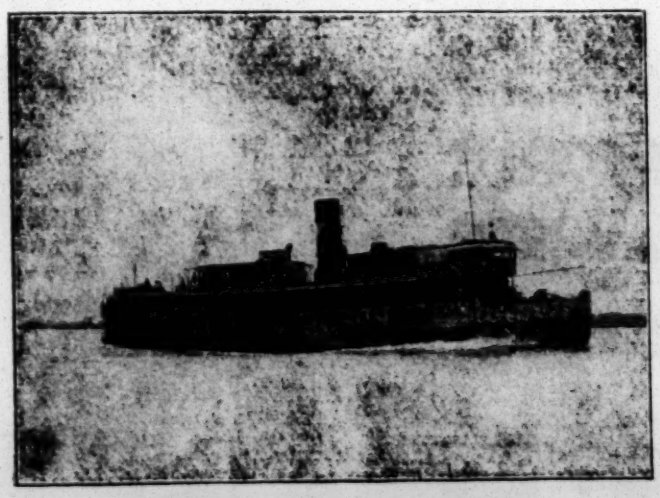
Cable Address:
"Sinodock,"
Shanghai

Codes Used:
A.B.C. 5th Edition,
Bentley's, Lieber's,
Standard, The
Engineering 2nd
Edition.

Two Dry Docks—Dimensions are

Name	Length on Blocks	Breadth		Depth on Sill
		Top	Bot.	
No. 1 Dock	545-ft.	70-ft.	62-ft.	20-ft.
No. 2 Dock	502- ,,	70- ,,	60- ,,	23- ,,

Sheerlegs to lift 75 tons,

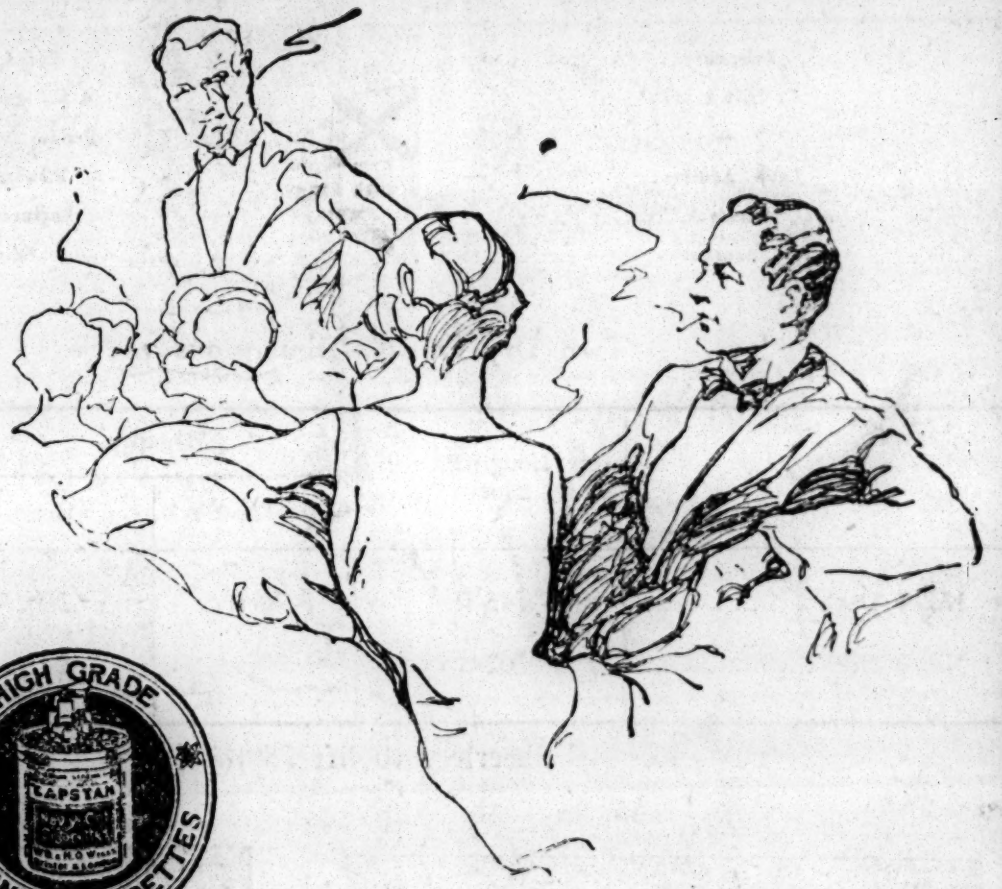


Winter Upper Yangtse Steamer "Yung An"

On Trials—Speed 14.3 knots loaded.
153-ft. by 29-ft. by 8-ft. 6-ins. Draft 6-ins.

Steamer of 14,500 Tons Displacement in Dock

THE TEA DANCE



HIGH GRADE
CAPSTAN
VIRGINIA CIGARETTES

ALL SORTS OF PEOPLE
ALL SORTS OF DANCERS
BUT MOSTLY THE SAME CIGARETTE

CAPSTAN

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